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FINANCIAL TIMES

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***35p



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HURRIN' SHOOTIN' FISHERY

Hurrin' shootin' fishin'

AT THE GAME FAIR p15
PROPERTY p10

DEMOCRATIC PARTY CONVENTION

The Ferraro factor

p17
POLITICS TODAY
If Mrs Thatcher were president

Samuel Johnson in Piccadilly

p14

HOW TO SPEND IT

Holiday PLAYTIME

WORLD NEWS

Man freed after 15 years' jail

The Court of Appeal yesterday freed Geoffrey Mycock, 37, after he had served 15 years of a life sentence for murder.

His conviction in 1969 was based mainly on evidence from discredited Home Office forensic scientist Dr Alan Clift. The Crown did not oppose the appeal.

Ten other cases involving Dr Clift's evidence have been referred to the court by Home Secretary Leon Brittan. Two appeals have been rejected, and the court earlier suggested the Home Office had not considered carefully enough which cases deserved a review.

Mr Mycock said he would seek compensation.

Argentina blamed

The Government said a change of heart by Argentina caused the breakdown of talks on normalising relations. Back, Page 2

Schools Bill dropped

The new French Government withdrew the Socialists' controversial private schools Bill. Page 2

Nigeria cools Dikko row

Nigeria is apparently trying to take the heat out of the row over the Dikko kidnapping. Page 2

Soviet truck held

A Soviet truck with nine tons of freight is being held by West Germany, after leaving Geneva for Moscow because the Swiss refused to accept it was a diplomatic bag. Page 2

Busloads of defectors

A group of 119 Polish Roman Catholics bound for Rome left their buses in Vienna and asked for political asylum, the biggest mass defection since the World Cup in 1982.

Israel polls back Labour

Two polls made Israel's opposition Labour Party favourites to win Monday's election, but forming a coalition will be as hard as ever. Page 2

Dutch warn Unesco

The Netherlands warned it might leave the UN Educational, Scientific and Cultural Organisation (Unesco) if it was not reformed. Britain and the U.S. have given similar warnings.

Safer by air

Deaths from air accidents dropped from 0.17 to 0.03 per 100m passenger-kilometers, between 1973 and 1982, a Swiss study showed. Page 2

S. African tour ban

New Zealand Premier-elect David Lange said he would ban South African sports teams, but New Zealanders would not be refused passports to play in South Africa.

Sunless Saturday

The Sun newspaper will not appear today because of a strike by journalists. It was yesterday fined £5,000 for contempt of court over a headline and photograph published with a report of a baby-battering trial.

BUSINESS SUMMARY

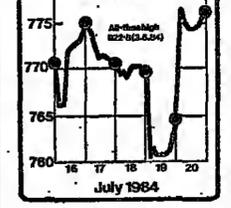
British Gas privatisation Bill delayed

LEGISLATION providing for the privatisation of some of British Gas's activities has had to be put off for a year, largely because of delaying tactics by Energy Secretary Peter Walker and British Gas chairman Sir Denis Rooke who want to see the corporation sold as an integrated operation.

The enabling Bill had been pencilled in for the coming 1984/85 session but has now been dropped from the list for this November's Queen's Speech. Back Page

Equities gained on prospects of a dock strike settlement

U.S. interest rates dampened buyers' enthusiasm. The FT Industrial Ordinary index closed 11.5 up at 776.2 for a rise of 5.5 on the week. The Bank of England took advantage of a recovery in gilts to announce the issue of £700m of existing stocks on Monday. Page 22



DOLLAR

firm on fears of higher U.S. interest rates; its trade-weighted index equalled Wednesday's record high of 136.9. Sterling lost 25 points against the dollar to close at \$1.324 but gained against European currencies on prospects of a dock strike settlement; its trade-weighted index rose from 78.6 to 78.7. Page 21

OIL

major to bid the British National Oil Corporation that they would expect to reopen talks on official North Sea crude prices if spot prices did not improve soon. Page 3

NATIONAL SAVINGS

The 27th issue of certificates, launched in April but quickly undermined by rising interest rates, is to be suspended. A new issue will be introduced on August 8 yielding a tax-free return over five years of 9 per cent a year. Page 3

INTER-CITY Enterprises

the Government-backed body set up by City institutions to promote investment in inner city development, failed to generate any projects in its first year. Page 3

BOLIVIA

told its commercial bank creditors that it needed another three months before it could resume interest payments on its foreign debt. Page 2

JAPAN'S lower house

approved Bills providing for the privatisation of the state-run telecommunications company and curtailment of its monopoly powers. Page 2

ROLLS-ROYCE Motors

opened a campaign to revive its Bentley marque with the launch of two new models—the Eight, at £48,497, and the Continental, at £76,106. Page 3

ALLIS-CHALMERS, U.S. farm and process machinery maker

hit by continuing stagnation in the U.S. agricultural equipment market, cut first-half losses from \$82.9m to \$27.7m (£21m). Page 19

Docks peace formula approval likely today

By BRIAN GROOM, LABOUR STAFF

SHOP STEWARDS representing 25,000 docks and waterways workers are today expected to approve a peace formula to end their two-week national strike and allow Britain's ports to return to normal working on Monday.

Hundreds of dockers in at least 11 ports jumped the gun by returning to work yesterday, one the national peace formula had been drawn up during 18 hours of talks at the London headquarters of the Advisory, Conciliation and Arbitration Service.

All cross-Channel ferries were sailing normally, after stranded lorry drivers lifted their blockades of Continental ports. The situation eased further when the National Union of Seamen suspended its ban on the movement of Sealink freight traffic. The union had been protesting at the Government's plan to privatise Sealink, now sold to Sea Containers.

The peace formula, details of which have not been disclosed, seems to allow both sides to salvage some dignity. Employers believe they have not caved in to the union demands, but one union negotiator said: "We have got the guarantees we were seeking."

The Transport and General Workers' Union wanted a guarantee that clause 10 of the National Dock Labour Scheme, which governs the use of non-registered labour in certain circumstances, would not be broken in future.

The employers were reluctant to concede what they felt would amount to a separate industrial agreement to supersede the statutory scheme.

The National Association of Port Employers went to great lengths yesterday to prevent details of the peace formula being leaked, believing that it would be difficult for union officials to sell the deal to their members. Union leaders, on the other hand, were confident it would be accepted by today's delegates conference.

A settlement would remove a serious threat to the economy which had alarmed Ministers and the City. The breakthrough was welcomed by Mr Nicholas Ridley, the Transport Secretary, and the Confederation of British Industry.

The Institute of Directors said a return to work would undermine support for Mr Arthur Scargill, the miners' union leader, "and his frankly politically motivated campaign against the Government."

Union leaders insisted that they had not been influenced by the collapse of the Dover dockers' strike on Thursday night, under threats of violence from stranded lorry drivers. Workers at Felixstowe, the

Washington talks on troubled U.S. bank

By William Hall in New York

TOP OFFICIALS of America's principal banks met the Federal Deposit Insurance Corporation in Washington yesterday, as speculation mounted that the U.S. bank regulators were close to a permanent solution to the problems of Continental Illinois, the big Chicago bank, which has suffered a multi-billion run on its deposits.

The FDIC, masterminding the bank's rescue, refused to confirm the Washington meeting. However, several New York banks said the FDIC had called their senior executives in Washington.

Mr David Taylor, Continental Illinois' chairman, was also in Washington, continuing to discuss a long-term solution to his institution's funding problems. The bank is drawing more than \$10bn (£7.6bn) on an overnight basis from the combined official and private-sector support group.

Bankers said the broad outlines of a solution was in place, though the details had still to be tied up. It is generally accepted that the FDIC will take over a substantial part of the bank's problem loans and will be given a controlling interest in Continental Illinois.

Continental Illinois' share price recovered slightly in early dealings yesterday, rising \$1 yesterday morning to \$33. This valued the bank which has assets of \$35bn, at \$150m.

Cash crisis closer after EEC deadlock

By QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday addressed an urgent appeal to the foreign ministers of the 10 to tackle the EEC's looming cash crisis after their budget ministers had failed to agree on how to finance community spending for the rest of the year.

The commission issued the call after an emergency meeting in Brussels yesterday to consider how to react to the deadlock caused by Britain's refusal to approve any supplementary budget in 1984.

In spite of meeting for 24 hours in virtually continuous session, the budget ministers gave up the struggle at 9.30 yesterday morning to reach agreement on how to cut, postpone, or find additional funds for increased spending of some Ecu 2.07bn (£2.03bn). Most of that is to finance the increased cost of approved price support programmes for farmers.

However, the ministers did succeed in reaching a tentative agreement on a severely pruned budget for 1985, cut by some Ecu 1.9bn from Ecu 28.1bn to just under Ecu 26.2bn.

They insisted that next year's spending be kept within the revenue ceiling of 1 per cent of the value of a common basket of goods, the so-called value added tax ceiling, pending approval by national parliaments of an increase in the ceiling to 1.4 per cent.

The budget ministers' failure to bring the EEC an inexorable step closer to running out of cash needed to finance farm purchases. This is now forecast for some time towards the end of October.

In a statement yesterday the commission said it was "deeply disappointed."

It said: "The community still does not possess the finances necessary to carry out the policies which it has itself decided. Nor has it sufficient means for functioning normally during the current year or next year."

The commission hopes the foreign Ministers, who meet on Monday in their last full council session before the summer holiday, will consider the political implications of the budget impasse and "create the conditions for a rapid and positive continuation of the work of the budget council."

However, the expectation in Brussels is that Britain will maintain its absolute insistence that all community spending must be kept within the present revenue ceiling. As any extra finance requires a special ruling under the Treaty of Rome, Britain has a veto on the decision.

An extra incentive for the British Government to keep spending in 1984 to the present ceiling comes from the budget rebate deal agreed in Fontainebleau, which set the UK rebate for 1984 at a lump sum of Ecu 1.9bn. In future years it will be a variable sum, amounting to two-thirds of the gap between British contributions to and receipts from the community, meaning that Britain will pay only a modest 7 per cent of any increase in spending in later years.

Milk output, Page 3

BBC faces independent audit

By RAYMOND SNODDY

THE GOVERNMENT has called for an independent audit of the financial and managerial performance of the BBC.

The BBC said yesterday that its board of governors had agreed to a request from Mr Leon Brittan, the Home Secretary, that there should be a "value for money" inquiry by independent consultants into the BBC's domestic services.

This is the first time a Home Secretary has called for such an inquiry. Its results are clearly intended to provide a benchmark for negotiations, due to start in the autumn, for a new, three-year television licence fee for the BBC.

Mr Stuart Young, the chairman of the BBC, said last night: "I and fellow governors think it is entirely right that we take every opportunity to establish in the minds of members of Government and licence fee-payers that the corporation is run efficiently and effectively, and with proper regard to the taxpayer's interests."

The BBC said its performance was under continuous internal review but that the organisation "had no wish to stand in the way of the Home Secretary's

NatWest to buy 5% of stockbroker

By DAVID LASCELLES

NATWEST, the UK's second largest bank, yesterday agreed to buy a 5 per cent stake in Fielding, Newson-Smith, the London stockbroking firm. The move is the final step towards an integrated securities business.

NatWest will raise its stake to 100 per cent as soon as Stock Exchange rules permit. The terms of the deal are not being disclosed, but the price is likely to take up only a small part of the £236m rights issue announced by the bank on Thursday to finance expansion in the financial services industry.

NatWest already has a 29.9 per cent holding in Bisgood, Bishop, the stockbroking firm, which it also intends to increase to full ownership. Its plan is to link the two firms with County Bank, NatWest's merchant bank, to create a Wall Street-style investment bank.

Mr Charles Villiers, the chief executive of County Bank, which negotiated the deal, said yesterday: "We want an organisation which can act as an issuing house, a broker and a jobber. The logic of getting the three together is very strong."

The deal comes only 24 hours after the Stock Exchange published its "green paper" foregrounding an end to the distinction between stockbrokers and jobbers and the introduction of dual capacity.

Fielding, a long-established firm which ranks 17th in the SE league, employs about 200 and is best known for its expertise in brewery, building materials and oil stocks, and in index-linked gilts. NatWest is looking to expand the Fielding stockbroking business at a steady pace.

Mr Villiers said the bank had chosen Fielding because its scope for growth would provide a strong motivation for people working there. "Golden handcuff" deals are nevertheless understood to have been made, to provide a financial incentive for key people to stay on after NatWest assumes full control.

NatWest is the only clearing bank which has committed itself to buying 100 per cent of both a stockbroker and a jobber.

Midland Bank, through Samuel Montagu, its merchant banking subsidiary, has so far only made a deal with a broker, Greenwell and Co. Barclays has forged links with de Zoete and Bevan, the stockbroker, and Wedd Duriecher, the jobber, but is not committed to buying full control.

Mr James Dundas Hamilton, of Fielding Newson-Smith, said yesterday: "I believe that in the new securities industry we will need a substantial capital base. I can think of no more a substantial capital base than National Westminster Bank."

Lex, Back Page

GrandMet keeps U.S. cigarette offshoot

By PAUL TAYLOR IN NEW YORK

GRAND METROPOLITAN, the UK-based brewer, dairy, bookmaking and hotels group, yesterday abandoned plans to sell its U.S. cigarette business for \$225m (£245m) to a group of investors which include local management and employees.

The surprise announcement followed months of negotiations between GrandMet USA and the management buy-out group led by Mr Kinsey van Dey, president and chief executive of Liggett & Myers Tobacco. It came as the final agreement to sell the tobacco division of the Liggett Group was due to be signed.

In a brief statement, GrandMet USA said that negotiations had been ended because of "developments in the pricing of cigarettes" since an agreement in principle for the sale was announced in late May. GrandMet USA did not elaborate on the statement and corporate officials were unavailable for comment. Cigarette prices

have, however, been rising recently in the U.S.

Grand Metropolitan, which paid \$590m for the Liggett Group in 1980 against competition from Standard Brands, the U.S. food manufacturer, originally revealed details of the talks in January.

Liggett & Myers manufacturers and markets the Chesterfield, Eve, Lark and L & M brands of cigarettes in the U.S. where it has about a 4.5 per cent share.

Continued on Back Page

Cutting this coupon could be a good bet

Believe it or not, a great many people have made a lot of money out of the last few months' volatile stockmarket and commodity prices, not to mention currency movements.

And many of them have made as much when the markets have been falling as they have when they've been rising. More surprisingly, all these people have been able to make their profits without any of the expenses or tax problems usually associated with trading in shares or commodities.

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London: DM 2.588 (2.9445) FFr 8.7625 (8.725) SwFr 2.4175 (2.407) Y244.85 (243)	Trade weighted 78.7 (78.6)
Trade weighted 136.9 (136.8) Tokyo close Y243.4	3-month interbank: mid rate 12.5% (12.4) 3-month eligible bills: buying rate 11.5% (11.4)
U.S. LUNCHEON RATES	STOCK INDICES
Fed Funds 10.4% 3-month Treasury Bills: 10.13%	FT Ind Ord 776.2 (+11.5) FT-A All Share 473.41 (+0.8%) FT-SE 100 1,009.8 (+6.8) FT-A long gilt yield index: High coupon 11.28 (11.35) New York lunchtime: DJ Ind Av 1,101.15 (-1.77) Tokyo: Nikkei Dow 9,945.27 (-143.52)
London: \$341.25 (\$350.75)	Chief article changes yesterday: Back Page

CONTINENTAL TRADING PRICES: Austria Sch 16; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; Germany DM 2.20; Italy Lit 110; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 78; Spain Pta 100; Sweden Kr 6.50; Switzerland Sfr 2.00; Euro 60p; Malta 30c.

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086

OVERSEAS NEWS

Nigeria cools row over Dikko kidnap

By Andrew Gowers in Lagos NIGERIA appears to have made a determined effort to take the heat out of its row with Britain over the Dikko kidnapping affair.

Nigerian officials have consistently expressed the hope that both sides will allow the matter to subside. The trial of four men detained after the failed attempt to abduct Alhaji Umaru Dikko, the fugitive Nigerian politician, could inflame tensions.

Observers in Lagos remain puzzled by the peculiar virulence of the anti-British onslaught, which was probably the strongest outburst against the former colonial power since the 1960s. Many trace it back to a speech given by one of Nigeria's rulers—by coincidence on the day of the kidnapping—in which he attacked Britain to the British High Commissioner's face for various alleged political and economic slights.

Israeli polls show Labour ahead

BY OUR TEL AVIV CORRESPONDENT

THE OPPOSITION Labour Party has established itself as the favourite for Monday's Israeli general election but opinion polls suggest that forming a coalition government could be just as complicated as in the past.

Two polls published yesterday showed that Labour, whose lead over the Right-wing Likud Government seemed to be slipping, had pulled ahead again. They also reported, however, that small parties will capture between a quarter and a third of the 120 Knesset seats, raising the possibility of protracted coalition negotiations which will further delay long-awaited economic measures.

paper Yediot Ahronoth showed Labour winning 49 seats, Likud 37 and the remaining 34 shared by about a dozen factions. Another survey, a Gallup Poll in the newspaper Hadashot, reported the gap was bigger with Labour commanding 42 per cent support and Likud 28 per cent. The findings suggest there was only a slim chance Labour could put together a government without turning to the bickering religious parties.

to save the inflation-inflicted economy—the issue that has dominated the campaign. In an interview with the Jerusalem Post, Mr Shamir made clear his resentment towards the little political parties who have held the balance of power for years and urged electoral changes.

Bolivia seeks new delay on debt payments

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BOLIVIA has told its commercial bank creditors that it will need another three months before it can resume interest payments on its foreign debt that were stopped at the end of March.

Now Bolivia has told its "ore" bankers that it needs till mid-October to work out an economic programme acceptable to the unions, but the coordinating committee of creditor banks, chaired by Bank of America, has replied that it strongly opposes non-payment of interest during this period.

seemed resigned to receiving no further interest from Bolivia until the next meeting in mid-October. But some bankers warned that this leaves Bolivia vulnerable to a declaration of default by any single bank creditor during this period.

Eventually the vehicle was allowed to go on to its destination, but under customs seal. After both sides had refused to climb down, the lorry set out from Geneva back to Moscow, unopened and still under seal.

Moscow mounts its toughest Afghan offensive

PESHAWAR, PAKISTAN—This year's Soviet offensive against Muslim rebels in Afghanistan is one of Moscow's toughest, with more bombs, more troops and the clear aim of stopping villagers' support for the guerrillas, according to resistance leaders.

They said the Soviet army has also started "Sovietising" ground operations against the guerrillas, using more of their own commando units in place of the increasingly unreliable Afghan army.

the Panjsher Valley, north of Kabul, with unprecedented saturation bombing by about three dozen SU-18 "Badger" strategic bombers flown in from the Soviet Union.

When it crossed from West Germany into Switzerland at Basle nine days ago, the Swiss authorities demanded to see the contents. But the Russians refused, claiming they were covered by diplomatic immunity.

French Government plan for referendum on rights put in doubt

BY DAVID HOUSEGO IN PARIS

THE NEW French Government of Prime Minister Laurent Fabius yesterday formally withdrew the Socialist controversial private schools Bill.

It was only in May that the Government made the Bill an issue of confidence before the Assembly. Last month over 1m people protested against it in a mass march in Paris.

Unsettled at the composition of M Fabius's administration contributed to a sharp fall in share prices on the Paris Bourse which shed 2.3 percentage points during the day. M Pierre Berégovoy, the Finance Minister, pledged he would follow the same anti-inflationary policies as M Jacques Delors, his predecessor.

The Cabinet approved on Thursday night the text of an amendment to the constitution which has now to be approved by both the Senate and the Assembly before being submitted to a referendum in September.

Air travel 'has become significantly safer'

BY JOHN WICKS IN ZURICH

TRAVEL by air has become significantly safer over the past few years, according to a study published by Swiss Reinsurance Company.

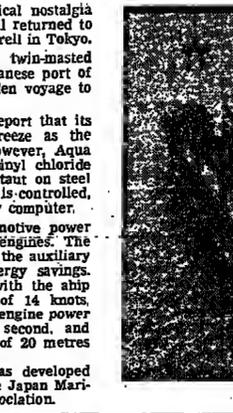
25 accidents with about 740 fatalities occurs annually. Aircraft value has risen 113 per cent in the period 1978-83 from \$1,082m (£790m).

Between 1978 and 1982, the number of fatalities dropped from 0.17 to 0.08 for every 100m passenger-kilometers flown.

This has meant unfavourable underwriting results for aviation insurers, Swiss Reinsurance says. With a loss ratio of even 80 per cent considered "by no means satisfactory".

Age of sail returns—Japan style

IT WAS a grim time for nautical nostalgia buffs this week as the age of sail returned to the high seas, writes Robert Cottrell in Tokyo.



It would be picturesque to report that its white sails billowed in the breeze as the vessel ran before the wind. However, Aqua City's two sails are of rigid vinyl chloride and polyester canvas, stretched taut on steel frames.

Japan set to pass communications Bills

BY ROBERT COTTRELL IN TOKYO

JAPAN'S House of Representatives yesterday approved three Bills providing for "privatisation" of Nippon Telegraph and Telephone Public Corporation (NTT), and curtailment of its monopoly powers.

Inter-party wrangling over anti-strike provisions in the NTT legislation was resolved on Thursday by the Diet's communications committee, which decided that restrictions on strike action should be "reviewed" in three years' time.

Four groups have declared their interest in providing nationwide common-carrier communications services in Japan following curtailment of NTT's monopoly powers.

Olympic security leaves nothing to chance

HEAVILY-ARMED SWAT (Special Weapons and Tactics) teams are stationed at the airport. Police patrols at the University of Southern California and University of California Los Angeles campuses have been stepped up as Los Angeles authorities put into action plans to make the 1984 Olympic Games the most secure ever.

Organisers are adamant that as far as they can help, crime and smog will not interfere with the LA Games, Louise Kehoe writes.

Los Angeles' worst smog wave in a decade could have a serious effect on participants and spectators. Air-quality experts have called "first-stage alerts" in which children and old people are warned to stay indoors.

Los Angeles' worst smog wave in a decade could have a serious effect on participants and spectators. Air-quality experts have called "first-stage alerts" in which children and old people are warned to stay indoors.

Advertisement for Clydebank Enterprise Zone. Includes text: "Clydebank Enterprise Zone—a bright spot and important lever in Glasgow's industrial recovery". Features a table with statistics for the period to May 1984: New industrial/commercial floorspace completed 920,000sqft, Industrial/commercial floorspace taken up 950,000sqft, Companies established 229, New job places created 2,577, Public Sector Capital Investment to date £19.5m, Committed private investment in property alone £17.85m. Also includes a large logo for Clydebank Unlimited.

Vertical text on the right edge of the page, including "Oil price" and "Milk talks".

Oil companies may seek price review with BNOC

By Ian Hargreaves and Dominic Lawson

MAJOR OIL companies have told the British National Oil Corporation that they expect to reopen talks about official third quarter prices for North Sea crude oils if spot prices do not improve in a few weeks.

The spot market yesterday was fractionally weaker for all grades of crude.

The Treasury revenue effect of the slide in oil prices, however, has been mitigated by the drop in sterling's value against the U.S. currency.

Other grades of crude also fell in price yesterday in nervous markets.

Nigeria won acceptance last week to raise Opec ministerial meeting in Vienna for higher official output.

No response in first year to inner city scheme

By Michael Cassell, Property Correspondent

THE GOVERNMENT-backed body set up by City institutions in 1983 to promote institutional investment in inner-city development schemes failed to generate any projects during the first year.

More than 50 institutions handed together to create the body - Inner City Enterprises - to succeed the Financial Institutions Group established by Mr Michael Heseltine.

They subscribed £1m between them to fund its operating costs for a three-year experimental period.

ICE says in its first annual report, covering the eight months until March 1984 that more than 100 projects seeking institutional investors, although no funding agreements were reached by the year-end.

An official of the body said yesterday that no funding arrangements had subsequently been concluded but that investors had been found for some projects.

The report backs the original view of the Financial Institutions Group, which identified a wide gap in the market mechanism for promoting and funding property projects on the scale needed to stimulate inner-city regeneration.

ICE emphasises, however, that most of the schemes examined failed the preliminary tests of physical feasibility and financial viability.

The report also concludes that the institutions themselves are probably less committed to property investment than when the ICE institution was being prepared in 1982.

ICE says that it will continue to "intensify its efforts at persuasion" but that, in the longer run, it might be right to consider again the feasibility of establishing a form of pooled fund to finance inner city projects on a collective basis.

Margaret Hughes on the collapse of the building societies' cartel Mortgage rivals bolt for freedom

THE GOVERNMENT'S Green Paper on building societies due to be published on Monday may be a case of closing the stable door after at least one of the horses has bolted.

Earlier this month Mr Nigel Lawson, the Chancellor, indicated that societies would be granted most of the extended powers they had been seeking.

But he drew attention to the societies' interest rate agreements. The cartel was "increasingly incompatible" with the Government's competition policy.

But the way in which building societies have responded this week to the latest interest rate rise would suggest that this horse is well out of the stable.

The council of the Building Societies Association representing 32 societies agreed last week to a mortgage rate of 12.5 per cent.

The Leeds Permanent decides on Monday. The interest rate cartel, which had been crumbling for some time, seems to have been finally broken.

The societies appear to be more prepared to be independent than the banks with whom they want to compete.

Abhey then lowered its threshold, so it was charging more than the others for mortgages between £15,000 and £25,000.

The 27th issue of National Savings certificates, which was undermined by rising interest rates within a month of its launch in April is to be suspended.

The Department for National Savings announced yesterday increases of up to 2.75 per cent in the interest rates paid on its certificates, investment accounts, income and deposit bonds.

The 27th issue - which offers a tax-free interest rate of 7.25 per cent per year, if held for five years - is to be suspended from August 7.

The Royal Bank of Scotland and its sister bank, Williams and Glyn's, are increasing interest rates on repayment mortgages to 13 per cent and on endowment mortgages to 14 per cent from August 1.

The Trustee Savings Bank will be raising its rate to new borrowers to 13.5 per cent for repayment mortgages and 14.5 per cent for endowment mortgages from the same date.

Existing borrowers will pay the bigger rates from September 1. TSB mortgages include free life insurance which the bank says is equivalent to 0.5 per cent of the mortgage rate.

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sages up to £40,000 and a premium of 1 1/2 percentage points thereafter. It has adopted a similar structure with its new rate, but the premiums are 1 per cent and 1 1/2 per cent respectively.

The Woolwich decided to charge a 2 percentage point premium above the BSA rate on all mortgages. The Leicester has noted for the same basic rate as the Halifax.

The Anstia and Alliance have adhered to the BSA rate. Home-buyers are therefore faced with a variety of rates. They will have to shop around much more and making the choice will not be easy.

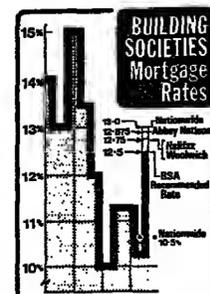
Meanwhile, existing borrowers with, say, the Abbey National - now the most expensive lender - may resent paying higher rates than those offered by other societies, and want to switch.

The same is likely on the investment front. In switching mortgages, rates higher than BSA advice, societies are building in margins which would allow them to pay a higher return on investment.

They have kept to the BSA rate on ordinary share accounts, and have maintained premiums on higher-interest accounts - which provide most of their income. They are likely to check the inflow of funds in coming weeks before altering them.

Abhey National, though, may take the lead again and announce an improved return on one of its accounts in the next few days. Its rates are likely to be quickly matched if not improved by its rivals.

Abhey, however, has a somewhat different product range from the others. Its rivals



operate seven-day, 25-day and 90-day accounts: Abbey has only seven-day and 90-day accounts, but it offers a cheque book account which pays a 2 of a percentage point premium above the ordinary share rate.

Given that this is aimed at competition from money market funds it may be this product which is improved, which would not necessarily prompt the others to follow.

Abhey has long been first to break ranks with other building societies rate. It was the only society which did not abandon differentials, and in April this year again moved away by lowering its threshold.

It was also Abbey which became most frustrated by the leap-frogging of investment rates by smaller societies and which led it to announce its break from the BSA cartel last September.

What it means to the consumer. Page 7

Milk output falls below EEC quotas

By Richard Mooney

MILK PRODUCTION in Britain is below the level necessary to comply with production cuts ordered by the EEC from April.

In an effort to bring Community surplus under control and cut disposal costs, EEC farm ministers agreed in March on a quota system under which British production had to be cut by 61 per cent from the 1983 level.

Figures published by the Milk Marketing Board yesterday, however, show that production in England and Wales in June was just over 9 per cent down from the same month in 1983.

Total production in the three months since quotas were introduced was down 61 per cent.

Producers have deliberately reduced production to avoid the levy either by slaughtering a proportion of their herds or by cutting feeding of concentrated rations.

A milk board official estimated that normal weather June production would have been down by about the required amount of 61 per cent.

The weather-induced drop in output led to difficulties for farmers. "Those who have culled their herds to remain within their quota may have difficulty in filling production allocations," the MMB official said.

Water rationing prospect for Wales and South-west

By David Heller

IN A MOVE to increase water supplies, engineers started yesterday to pump 1m gallons of water a day from a disused coal mine in south Wales, one of the areas worst affected by lack of rain.

However, demand for water in south-east Wales alone is 100m gallons a day, the Welsh Water Authority said.

Rainfall for March to June was the least since records began in 1893 at Treherbert in the Rhondda.

There being small prospect of heavy rainfall in the next few days, water rationing may well afflict many homes in south-east Wales within three weeks.

The south-western authority's board will meet on Wednesday to consider whether rationing is required in Devon and Cornwall.

mainly at night. The authorities has also applied for powers to provide water by standpipe in the streets and further to prohibit or limit its use.

About 15m people in England and Wales have already been banned from using hoses.

Bans have been introduced this week in areas served by the River Dee, particularly around Merseyside, and in the West Midlands in an attempt to conserve the Elan Valley supplies.

The Water Authorities, representing 10 authorities of England and Wales claim the shortage is worse than that of 1976 in east Wales and Cornwall.

The report also concludes that the institutions themselves are probably less committed to property investment than when the ICE institution was being prepared in 1982.

MPs' mileage allowances favour users of big cars

By Kevin Brown

THE House of Commons yesterday backed a new car mileage scheme for MPs, despite complaints that it would lead to a rash of big cars in the members' car park.

The system introduces a sliding scale for claims up to 20,000 miles a year. MPs with 1,300 cc cars will receive 15p a mile, those with cars up to 2,300 cc will receive 25p and those with even bigger cars will get 35p.

An MP driving a 2,300 cc car 20,000 miles a year on parliamentary and constituency business will receive £7,800 tax-free.

The system succeeds a 25.5p-a-mile flat-rate allowance introduced in April last year.

The new system was challenged by Mr Peter Brinvelt, the Tory MP for Leicester East, who said: "There must be concern that these higher scales encourage MPs to purchase more powerful cars."

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Sites begun for Nissan suppliers

By Kenneth Gooding, Motor Industry Correspondent

LOCAL authority officials in the north-east of England revealed yesterday that they are convinced that Nissan will go ahead with the £300m second stage of its UK car project that they are already preparing substantial sites for component suppliers whom the Japanese group is expected to attract to the area.

Tyne and Wear County Council, for example, has put together two sites of more than 100 acres each - one at Boldon, two miles away from the Nissan site at the former Sunderland airport and another eight miles away near the Tyne Tunnel.

Nissan officials also point out privately that the project would make no financial sense unless it were to move from the £50m first stage, where 24,000 cars a year would be assembled from Japanese kits, to the second, the manufacture of 100,000 cars a year.

The appointment of Mr Toshiaki Tsuchiya, at 55 the youngest production man on the Nissan board, to head the UK scheme suggests the company expects the project to be long-term.

However, Mr Tsuchiya yesterday struck firmly to his company's official line and said that a decision about the second phase would be taken in 1987.

This is as far as Mr Katsuhiko Kawamura, the 79-year-old Nissan chairman, who has been installed in the UK since it was first mooted, is prepared to go. It is unlikely that any Nissan executive would contradict him in public.

Mr Tsuchiya was speaking after the UK project passed another symbolic stage. With officials from local authorities, he started the £1.5m clearance of the 305-acre site.

The John Mowlem company has the reclamation contract, financed by a 100 per cent grant from the Department of the

Rolls-Royce plans Bentley revival

By John Griffiths

ROLLS-ROYCE MOTORS has launched a campaign to revive the popularity of its Bentley marque. It unveiled two models yesterday. One of them, at £49,497, costs nearly £8,000 less than any existing car produced by the company.

Bentleys outlasted Rolls-Royce by nine to one in the immediate post-war period, but slipped to 4 per cent of output by early 1982.

Bentley sales were boosted by the introduction of a year of a turbocharged model and Bentley's share of total Rolls-Royce sales has since risen to 23 per cent.

With the launch of the new cars, the Bentley Eight and Continental, Bentley's share of total sales is expected to rise to 40 per cent within three years.

The company said yesterday that market research commissioned from Mori over the past 12 months had identified a separate market of younger, more sporting drivers for Bentleys, compared with Rolls-Royce buyers.

The cheaper car, the Bentley Eight, has a simpler suspension with firmer settings to improve its handling qualities. It also lacks some of the interior fittings of the existing Bentley Mulsanne models.

The Continental, revives a name last used on a Bentley 18 years ago. It is a convertible, mechanically the same as the Rolls-Royce Corniche, and it sells for £79,108.

Rolls-Royce fortunes have taken a nasty knock since the onset of recession. Production last year fell to 1,500 compared with 2,200 in 1982 when the company started the year with a target of 3,400.

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Until the end of May, sales in the UK were running at about 40 per cent of late 1970s levels. They rose sharply in June, however - a result, according to Mr Peter Ward, the marketing director, of resuming production for the UK. He said the UK market had previously been starved of supplies while production for the U.S., now Rolls-Royce's single largest market by far, was built up.

The company expects to sell 1,100 cars there this year - about 50 more than in 1983, when it cut its prices by as much as \$18,000 (£13,574 at current rates), as the result of favourable exchange rate movements.

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Table with columns for bank names and interest rates. Includes A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

Bank of Scotland Money Market Cheque Account advertisement. Includes interest rate of 11.15% = 11.74%, details of account features, and a coupon for requesting the account.

Spit in it

THE WEEK IN THE MARKETS

Time to watch the grass grow

LONDON ONLOOKER

FACED WITH striking miners and dockers, institutional investors seemed happy enough to sit and watch the grass grow this week.

Thorn's rights

The prize for the understatement of the week surely belongs to the executive of Thorn KMI who said "we have got to restore credibility" within the City.

But for the present those whose business it is to try and predict the market's next move are finding their crystal balls unusually cloudy.

Given the uncertainties that surround the market a lot of institutions are letting the cash balances roll up rather than commit fresh funds to equities.

Now it may be that the market is totally misjudging Inmos and that Thorn's share price is over-reacted. That may be the case.

As for British Aerospace, it seems to be getting a rough experience with its new suitor, GEC.

Equally nobody seems to be willing to push the sell button. It is easier to sit back and see what happens next.

Putting aside the question of whether Inmos will eventually prove to be a well judged purchase or not, the timing of the rights issue was anything but well judged.

Nevertheless, the issue, within days of Thorn's 141st call (though obviously for totally different reasons), caught the market off guard.

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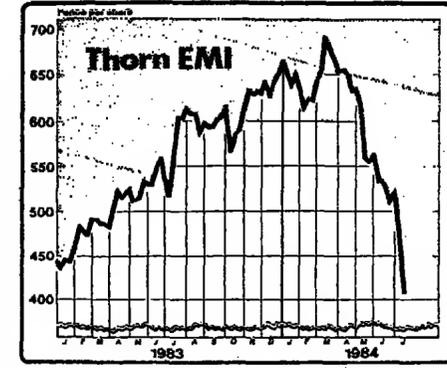
factorer has published estimates of its half-time figures (publicly by £36.5m to £50m) for the benefit of shareholders and GEC alike.

Nippy NatWest

The banks' shares have been performing well after the low rate increase but National Westminster slipped in a timely reminder this week of the damage inflicted on the clearer's balance sheets by Mr Lawson's March Budget.

A round of rights issues from the clearer's has looked a strong possibility for some time.

Nevertheless, the issue, within days of Thorn's 141st call (though obviously for totally different reasons), caught the market off guard.



fast changing financial markets. Is NatWest really thinking of buying an insurance company, as some of the rumours would suggest?

A poor copy

After the disappointing half-time figures from Ciesinger this week shareholders would be forgiven for wondering if the long-awaited recovery will ever appear.

No southern comfort

Distillers had forewarned the market at the start of the year, when profits had slipped from £8.5m to £6.5m, that the full year would be down.

Import restrictions, which in some cases raised market's tonnage, severely affected exports, particularly to South America.

Inflation fears

ONE OF THE THEORIES which have been carrying the hopes of the optimists through a pretty gloomy summer's trading on Wall Street, is that second quarter profits would put some sparkle back into shares.

NEW YORK TERRY DODSWORTH

figure that Salomon was recently forecasting.

On the other hand, the market has shown itself deeply sensitive to bad news. Last week, the slide was put under Wall Street by the July PPI miss.

Merck, the industry leader, Eli Lilly and Upjohn all came under attack, either as a result of analysts' reports or actual results.

The earnings figures reported by the industry this week were all up, but not by enough for Wall Street, which wants something better than a 6 to 7 per cent increase in the present climate.

support the lofty rating which had pushed the shares at one time up to \$104, and which even now, at \$80, has the company on a historic price/earnings ratio of about 13, against around 12.5 for the overall market.

On Wednesday, Upjohn was downgraded even more sharply, taking its shares down to \$68, against a high of \$71, as analysts responded negatively to the price cuts on its spectacularly successful Motrin anti-arthritis drug now under pressure from Rufen, marketed by Bausch of the UK.

Elsewhere, manufacturing industry has been showing every sign of maintaining its recovery with scarcely a pause for breath.

The uptick is still not seeping through strongly to industries which depend on traditional, as opposed to electronic-based, capital formation.

But for the time being it is the Wall Street pessimists, or at least the worriers, who are holding sway in the market.

The buzz on Wall Street is that the GNP figures may be revised for the second quarter to show growth of around 6.5 per cent against the initial 5.7 per cent estimate.

Monday 111.6 + 6.96
Tuesday 112.90 + 6.07
Wednesday 111.64 - 11.26
Thursday 1102.92 - 8.72

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change, 1984 High, 1984 Low, and various market indicators like FT. Ind. Ord. Index, Applied Botany, Barzatz Developments, etc.

A phoenix takes to the skies

IT MAY SEEM fanciful to combine in one sentence a bird, the quintessential attribute of which is soaring freedom, and the deepest mine in the world.

right in line with the share market's expectations. Although this phoenix has risen from the ashes of last year's fire, the recovery is not yet complete.

MINING

GEORGE MILLING-STANLEY

places affected by the fire currently being reopened, ore grades will rise further in the present quarter, and the mine expects to be back to normal by the time the results for the three months to September are announced.

Despite the bumper uranium income in the June quarter, Western Deep is still going ahead with plans to cease production early next year.

The uranium plant will not remain idle for long. The mine intends to spend some £35m on converting it to the treatment of gold ore, and it has been estimated that Western Deep's tonnage could rise from the present annual rate of 2.8m tonnes to perhaps 7m tonnes over the next five years as a result.

This near-doubling of treatment capacity would come onowhere newly to increasing gold output by the same amount, as

much of the extra capacity would be used in treat low-grade surface material, but it would nevertheless have a considerable impact on profits.

Western Deep Levels is a high-grade gold mine, and the speed of its recovery from last year's fire is impressive, suggesting sound management.

Perhaps the most significant of these was the continued depreciation of the South African rand against the U.S. dollar, which meant that, although the dollar bid price was lower in the latest period, rand income was actually a bit higher.

Another factor was the extent to which allowable capital expenditure affects the tax charge. A number of the mines were able to report higher net profits following lower tax charges consequent on increased spending on the capital account.

Here, the young operations Elandsrand and Deelkraal suffered in comparison with their more mature sisters, as they do not yet suffer mining tax against which to offset their rising capital expenditure.

The other main point to emerge from the June quarter-figures was one that has been repeated many times in this column, but is worth saying once more. The only time to invest in the more marginal mines, those usually ageing operations with low gold grades and high working costs, is when the gold price is rising steadily.

Only the richer mines, however, can cope with a slurr or falling gold price. The performance of Kloof, Vaal Reefs, Driefontein Consolidated, Randfontein Estates, Harmony, Hartbeestfontein and Western Deep Levels in the latest quarter bears eloquent witness to this proposition.

GOLD MINE NET PROFITS

Table with columns: Mine Name, June quarter, March quarter, December quarter, September quarter. Lists mines like Blyvooruitzicht, Bracken, Buffelsfontein, etc.

GOLD MINE DIVIDENDS

Table with columns: Mine Name, June, Dec, June, Dec. Lists mines like Blyvoor, Buffels, Deelkraal, etc.

Advertisement for Malaysian Banking Berhad featuring a tiger illustration and text: 'This Malaysian tiger has international trade financing at its feet.'

Advertisement for Malaysian Banking Berhad detailing assets, branches, and services. Text includes: 'TOTAL ASSETS EXCEEDING US\$ 6.6 BILLION. OVER 180 BRANCHES IN MALAYSIA AND ABROAD.'

FINANCE AND THE FAMILY

An unexpected gift

BY OUR LEGAL STAFF

On December 6 1982 one of our worthy city institutions (Registrars to an investment trust) sent me a cheque for £64,991 in error. At that date I had neither the time nor the inclination to investigate the matter.

On December 10 1982 I paid the cheque into my current account and on December 17 1982 I placed the amount on seven-day money market deposit.

I received a telephone call in January 1983 from our worthy institution asking if I had received the cheque and explaining the error. I stated that I had and indicated my willingness to repay the amount in any manner they desired. The managing director said he was coming in Liverpool the following day and on his way would call to collect my cheque. This was done. I told him that the amount had been placed on deposit (stating that I thought I was a better custodian of the funds than his company and pointing out that I could have had the funds out of the country and irrecoverable within a couple of hours of receipt) and he stated that I should "accept the interest as a Christmas present from and with the compliments of the company."

My cheque was cleared on January 19 1983 and consequently I incurred interest charges on my current account of approximately £150. Was the money market interest my income or was it in the nature of a gift? Should I declare the interest as income to the Inland Revenue and would I be able to offset the interest paid on my current account if I am required to declare the money market interest as income? We think that the interest is not income but a sum which is equivalent to a gift or reward. If it were interest, the current account debit interest should be capable of being set off.

Repointing a wall

The brick wall on the South West boundary of my garden is in need of maintenance. I therefore sought and obtained a quotation from a builder to take out defective pointing to the brickwork and repoint in cement mortar. I approached my neighbour seeking permission for the builder to carry out this maintenance on

my neighbour's side of the wall. After some procrastination, I was told that my request would be considered and that I would be informed in due course if permission were granted. In view of the foregoing, I am particularly interested to learn how one may legally gain access to and carry out normal maintenance on a building, wall or the like when this abuts a neighbour's garden.

In law there is no automatic right of entry to point or otherwise maintain a wall; but a right will readily be inferred if it can be proved that entry has in fact been effected for the purpose of maintenance over a period exceeding 20 years.

A late demand

During April 1982 (approximately) I made my final payment to solicitors handling my case for services rendered (the account was for over £1,000). In April 1984 this year—on the 19th of April to be precise, my solicitor wrote me a letter, the text of which I now reproduce:

"On checking through our Accounts, it has come to light that our books appear to show the sum of £43.80 due from you. Further investigation reveals that you did pay this sum but for some reason which is not immediately clear your cheque went astray and was never paid in. We must apologise profusely for the delay involved and for any inconvenience to you, but we wonder whether you could assist in clearing our books by letting us have a new cheque for £43.80."

I have now received a further demand letter dated 15th June 1984, which states:

"We refer to our letter of the 19th April to which we do not seem to have received a reply. We would be obliged if you would now let us have your remittance for £43.80 as soon as possible."

I consider this attitude unreasonable and high-handed, especially as I did not go out on my way to evade my payment responsibly at the due date. I have no intention to research payment details at this late date for a situation created by someone's else's negligence.

If it is correct that the cheque was not collected for whatever reason—then you have not paid the sum in question. We think that you would be en-

titled to offer to draw a fresh cheque on the undertaking of the solicitors to indemnify you against any payment on or claim made under the original cheque, and on their agreeing that you should deduct the amount (if any) of the cost to you of correspondence over the matter.

No retirement relief

I practiced dentistry in a house owned jointly by my mother and myself until enforced retirement because of disability at age 56 in 1980. I would have liked to have sold the house to my success but at the time he had not the means. Now in 1984 we have sold the house to him, after my 40th birthday.

Half the house was let as private flats and the ground floor and basement rooms used in the dental practice. A capital gain has resulted from the sale. I should be grateful if you would tell me whether I can offset my sale/gain "at age 60 following retirement" (although not immediately so) of business premises against CGT in part at least.

It is a pity that you did not think to seek tax guidance from the solicitor who acted for you in the sale of the property. It probably would not have made much difference to his or her conveyancing bill.

No retirement relief is due, but did you ever live in the house? If so, ask your tax inspector for the free pamphlet CGT4 (Overoccupied houses).

Legal aid for neighbours

Three years ago we had new neighbours who erected a 6 ft 6 in high fence alongside the whole of our conservatory, blotting out a good deal of light.

We tried to explain that we were entitled to the right of light as the place was about 25 years old but they are not the types who will sensibly discuss a matter and come to some mutual arrangement. The matter ended in court after the neighbours had consulted no fewer than three firms of solicitors. The barristers concerned were disgusted when they realised the defendants had applied for an emergency legal aid certificate; they declared that

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

legal aid was not meant for trivial matters such as neighbours' disputes. Eventually, we reached a settlement without having to go before the judge and my husband paid his own costs. No much later we learned that the neighbours had been awarded a full certificate. Soon after that they bought a new car, had some more garden fencing, a new front door, a garage door replaced and some other items. I don't wish to sound as though I were grinning for them, but how does a legal aid committee decide who shall have help?

The legal aid committee assesses the income and capital of an assisted person and makes special deductions to arrive at the disposable income/capital available. Thus, for example, the value of the assisted person's residence is left out of account. As the items which you mention may have been bought on credit there is not a great deal which can be inferred from them.

A single transaction

What constitutes a "single transaction" as specified in the bankers' card conditions? I have had several cheques returned unpaid R/D or "not drawn" in accordance with the cheque card, although they are dated and covered by a valid cheque card at the time of acceptance, and presented within six months of date.

The argument presented by the bank is that, because the cheques are repayments of a loan, they do not represent a "single transaction," although the branch manager agreed in writing that the monthly repayments of a building society mortgage would be considered as a "single transaction."

I fail to see the distinction, as my held cheques represented monthly repayments of a loan, in the same way as a mortgage repayment. It is a question of fact in each case what constitutes a single transaction. If the loan is expressed to be repayable by instalments payable at different stated times, we would think that the cheque for each repayment is related to one transaction, viz. the instalment in question.

It's no bovver

Unlisted Securities Market

GRADUATION HONOURS this week go to Wight Collins Rutherford Scott, the USM's first and only pure advertising agency, which is applying for a full listing 18 months after its arrival on the market.

The group, which coined the Birmid Quacast slogan, "it's a lot less bovver than a bovver," has not exactly let the grass grow under its feet since its formation five years ago. It provides a classic example of how the extra publicity gained from a stock market quotation can help a small company win more business.

WCRS has expanded from four breakaways from other advertising agencies operating out of a rented flat to an employer of 115 people with billings of nearly £27m, making it the 24th largest agency in the land.

Since its market debut, WCRS has seen its shares climb from an initial 150p placing price to a peak of 458p earlier this year. They have sunk back since then, but last week's announcement of an 85 per cent increase in pre-tax profits to £955,000 for the year to April sent the price up 25p to 400p, where the group is valued at £12.8m.

WCRS marked the beginning of the most recent in a series of waves of entrepreneurial creative stars splitting away from larger agencies to form their own ventures, like Valin Follen, the advertising and public relations group set up in 1979 by two Charles Barker City men, which joined the USM in January.

Peter Scott, WCRS's managing director and a former Marsteller director, argues that while being on the USM has not been a direct influence on bringing in extra business, "it has given us an extra stature and permanence. It provides some guarantee to our clients that we are not going to sell out to the Americans next week."

In the past year, the group took on £8m-£10m of new billings from ITC, Sharwoods, Duckhams and Quantas among others. It has just been awarded a £10m media buying contract from Bass to commence in October. WCRS is among four agencies in the running for an £8m-£9m

contract to take on British Rail's advertising from Allen Brady Marsh, due to be announced in two weeks. Even if the group fails to land that project, the City is expecting it to make £1.25m before tax this year.

Now that WCRS has become a substantial force in the industry, does it run the risk of being at the wrong end of the next exodus of talent? Like many other "people businesses" on the USM, WCRS encourages employees to buy its shares, in an attempt to build up their loyalty, so that nearly 95 per cent of the staff now have an equity stake in the business.

"The idea is to give them a stronger commitment to the company," says Scott.

Holiday blues

IN SPITE OF a continuing stream of new arrivals, the USM remains in a sluggish mood.

A week ago, the Datastream USM leaders' index sank through the psychologically important 100 barrier to a low for the year of 94.2, climbing back only marginally in the past few days to around 95. Jobbers report that turnover has declined by some 50 per cent from the previous week's total of £25m, itself well below the record £56.5m achieved in the second week of April.

As investors get increasingly choosy, company sponsors have been forced to scale back issue prices further, and it is perhaps a result of brokers' caution that new issues are going to—albeit unexciting—premiums more easily than they were a month ago.

The market showed that it still has an appetite for high-technology stocks of the right quality when DDT Group, a microcomputer maintenance company, immediately rose 7p above its 137p placing price on Monday, climbing towards 160p later in the week.

Entertainment Production Services, which leases video tapes, got a cooler reception the following day, when it tumbled off at an 8p discount to its 58p offer for sale price.

Berkeley Group, an unmarket housebuilder, and Britannia Security, an alarm systems supplier, went off at premiums of 14 per cent and 5.5 per cent when deadlines in their shares opened on Thursday.

William Dawkins

The Royal Bank of Scotland

Mortgage Rates

The Royal Bank of Scotland plc announces that with effect from 1 August 1984 its Mortgage Rate will be 13 per cent per annum and its rate for New Endowment Mortgages will be 14 per cent per annum.

WRESTLING WITH RECOVERY

A recent series of features on a cross-section of British manufacturing industry set out to illustrate how they had coped with the worst recession since the '30s and how they viewed the future.

Senior executives of the following companies were interviewed by FT journalists: Tootal, Armstrong Equipment, DRG, Brown Boveri Kent, Perkins, Sheerness Steel, Croda, IML, Digico, Alean, Plessey, Kenwood, Dubilier and Gestetner.

These features have been reprinted in a booklet, priced £3.50, available from: Nicola Banham, Financial Times, Publicity Department, Bracken House, 10 Cannon Street, London EC4A 4BY.

If you want to know more about portable pensions, ask the same people the Government did.

Throughout the Government's recent inquiry into portable pensions, Legal & General gave information and advice on how people could have greater freedom in choosing their own pension arrangements.

Legal & General will be just as happy to help you, should you want advice on how the proposed legislation may affect you in the future.

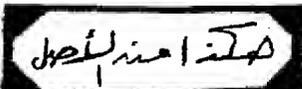
Most importantly, there's no need to 'wait and see' before making provision for your personal pension.

If you take out a pension plan with Legal & General now, you can benefit from this year's tax relief. Later, Legal and General undertakes to offer to convert it to take advantage of the new legislation and guarantees to give you full credit for benefits secured by payments you have already made into the plan.

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Legal & General



Spit in it

YOUR SAVINGS AND INVESTMENTS

PENSIONS

Why you should think before opting out

NORMAN FOWLER'S consultative paper on personal pensions, published last Monday, did not disappoint in its scope—it proposes that everybody should have the right to an individual pension plan.

The proposals add a useful extra element of choice for all employees, but they will have to think very carefully before taking the opportunity of opting out of their employer's scheme, or out of the State earnings-related scheme. In any case, it is likely to be two or three years before detailed legislation is produced and enacted.

The employed people who under existing legislation have been locked into their

employer's compulsory pension schemes will need to be aware of three main considerations when they weigh the advantages of taking the personal route.

● Personal pensions are inevitably on a "money purchase" basis which means that the benefits depend on how much money is put in, and on how the underlying investments perform. In this they differ from the final salary schemes operated by most employers, where there is no direct link with contributions.

● The Secretary of State's plans do not require any contribution by employers to personal plans. So employees will need to be

clear about how much they are giving up in opting out of the company scheme, and if possible they should negotiate a voluntary contribution by the employer.

● In terms of advertising and marketing, the personal pension field is very much of a jungle, so good advice will be essential. But the Government may introduce tighter controls to protect investors against misleading sales talk.

Employees in good occupational schemes will not easily be tempted into the bracing world of personal pensions. But there will be some clear gainers among short service employees who at present slip through the



pensions net. Many of these are women.

Occupational schemes offer them little or no benefits, so personal plans, portable from job to job, would be attractive even if they were of fairly modest size.

Barry Riley

MORTGAGES

Cartel breaks up, but you don't gain

LAST WEEK'S news on the mortgage front may have seemed had enough but there was worse to come. Just over a week ago the Building Societies Association (BSA) announced that it was advising its members to increase the mortgage rate by 2.25 percentage points to 12.50 per cent.

The increase was prompted by the rise in bank base rates, itself a result of the decline in sterling on foreign exchange markets. In announcing the new rate the BSA said, that it did not consider it reasonable to pass on the full effect of the 2.75 per cent rise in base rates to home borrowers. Individual societies have not felt quite so generous, however.

Over the past week four of the five largest societies, which set the trend for the rest of the industry, have all announced rates which are higher than the rate advised by the BSA. What is more they all differ from each other, reflecting the end of the interest rate cartel.

The major clearing banks have also increased their rates and they too differ from each other. Shopping around for the best mortgage deal which, Herbert Walden, the BSA chairman, has been advocating for some months, is thus essential.

The accompanying table shows what seven of the ten largest societies which have announced their new rates are now charging, along with the new bank mortgage rates. Leeds Permanent, National Provincial and the Bradford and Bingley will be announcing their new rates in the coming week.

The table shows that the basic mortgage rate now varies from society to society for essentially the first time. Nationwide became the first society in April to charge a premium of one quarter of a percentage point above the BSA advised rate on mortgages of up to £40,000 and 1½ per cent above that. It

adopted this policy in preference to the staggered differential system operated by most other societies. Until then it and the Woolwich had been the only two societies which charged the BSA rate on all sizes of mortgages. Other societies only did so at the lower end of the scale, charging more for larger mortgages at different thresholds as can be seen in the table.

The Woolwich remains the only building society which charges the same rate for all sizes of mortgages. But from August 1 this rate will be a quarter of a percentage point higher than the BSA advised rate. For mortgages of £25,000 and over it is thus the cheapest of the building societies, but the Woolwich will only now lend to its investors or existing borrowers. Nationwide is the next best up to and including mortgages of £40,000.

For mortgages of between £20,000 and £25,000 (the average sized mortgage) and £25,000 the Halifax and Woolwich charge the same rate of 12.75 per cent, which is the Halifax's new basic rate. For mortgages of between £15,000 and £20,000, however, the Anglia is cheaper having kept its basic rate at the BSA advised rate of 12.50 per cent.

For mortgages of £15,000 and under the cheapest of the 10 leading societies (which have so far announced rates) are the Anglia and Alliance which has also set its basic rate at the BSA advised rate but starts its differentials at £15,000.

Because it has set a higher basic rate of 12.875 per cent and starts charging more at £15,000 the Abbey National is now the most expensive of the largest societies.

Among the banks, National Westminster is the cheapest at 12.75 per cent, the same as the basic Halifax rate and the flat rate of the Woolwich. Because banks do not usually charge

HOW MORTGAGE RATES STAND AFTER THE INCREASE

Size of loan	Differential %	Repayment rate %	Endowment differential %	Endowment rate %
HALIFAX BUILDING SOCIETY				
Up to 25,000	nil	12.25	+ ½	13.25
25,000-30,000	+ ½	12.25	+ 1	13.75
30,000-35,000	+ 1	12.75	+ 1½	14.25
ABBEE NATIONAL BUILDING SOCIETY				
Over 35,000	+ 1½	14.25	+ 2	14.75
Up to 15,000	nil	12.875	+ ½	13.375
NATIONWIDE BUILDING SOCIETY				
15,000-25,000	+ ½	13.125	+ ½	13.625
25,000-30,000	+ 1	13.275	+ 1	13.775
30,000-35,000	+ 1½	13.875	+ 1½	14.375
Over 35,000*	+ 2	14.375	+ 2	14.875
	(min)	(min)	(min)	(min)
Up to 40,000	nil	13.00	+ ½	13.50
Over 40,000	+ 1	14.00	+ 1	14.50
WOOLWICH				
All mortgages	nil	12.75	+ ½	13.25
ANGLIA BUILDING SOCIETY				
Up to 20,000	nil	12.5	+ ½	13.0
20,000-30,000	+ ½	13.0	+ 1	13.5
30,000-35,000	+ 1	13.5	+ 1½	14.0
35,000-40,000	+ 1½	14.0	+ 2	14.5
Over 40,000	+ 2	14.5	+ 2½	15.0
ALLIANCE BUILDING SOCIETY				
Up to 15,000	nil	12.5	+ ½	13.0
15,000-25,000	+ ½	13.0	+ 1	13.5
25,000-35,000	+ 1	13.5	+ 1½	14.0
Over 35,000	+ 1½	14.0	+ 2	14.5
LEICESTER BUILDING SOCIETY				
Up to 15,000	nil	12.75	+ ½	13.25
15,000-20,000	+ ½	13.25	+ 1	13.75
20,000-30,000	+ 1	13.75	+ 1½	14.25
30,000-35,000	+ 1½	14.25	+ 2	14.75
Over 35,000	+ 2	14.75	+ 2½	15.25
	(min)	(min)	(min)	(min)

WHAT THE BANKS ARE DOING

	Basic rate repayment %	Endowment differential %	Endowment rate %
National Westminster	12.75	+ 1	14.5
Barclays	13.0	+ 1	14.0
Lloyds	13.25	+ 1	14.25

more for larger loans—although Barclays has started doing so and others may in the future—this makes a National Westminster loan attractive at the top end of the market. Barclays is the next best at 13 per cent but it charges 1 per cent more for larger mortgages at the managers' "discretion."

Lloyds Bank has increased its rate to 13.25 per cent and Midland to 13.5 per cent, making it the most expensive of the banks. But assuming they have mortgage funds available they still compare favourably with most building societies for mortgages of over £30,000. Banks do, however, charge a

higher differential of 1 per cent for endowment mortgages, compared with the ½ per cent generally charged by the building societies. This includes the Abbey National which has justly increased its endowment differential from a ½ per cent to 1 per cent.

● Dudley Building Society has withdrawn its Anniversary Account which was recommended on these pages in last Saturday's edition of the Financial Times. Next week we shall be looking at the building societies' new investment rates.

Margaret Hughes

Just when you expected a rest . . .

CHRISTINE STOPP discusses some of the financial decisions that have to be made on retirement



ON RETIREMENT, most people look forward to a quiet life. But at least as far as their personal finances are concerned, life usually becomes much more complicated than before.

A typical pensioner who has been a member of an occupational scheme will have at least two sources of income: the state pension and a pension from his job. In fact, pensioners often have income from a number of different sources: there may be pensions from more than one job, an armed forces pension, and more than one type of investment income.

In view of the Inland Revenue's well publicised error rate, even where only one source of income is concerned pensioners must keep an eye on their affairs to make sure they are being taxed correctly or should get someone else to do it for them.

A retired person will usually

have to fill in a tax return every year to draw all the different forms of income together. If income is above the limit where age allowance begins to be reduced, the Revenue will make an estimate of the likely total before the start of the tax year, based on pensions and investment interest for the year before.

The estimated code will be operated, and adjusted either in November, when the state pension is increased, or at the end of the year. If the adjustment is large, it will be made gradually through the following year's tax code.

The tax code is operated under the Pay As You Earn system through the occupational pension. This means that tax on the whole of your income

may be deducted from only one portion of it, and it may appear as though a disproportionate amount of tax is being taken.

Where a pensioner's income consists only of the state pension and interest from investments, there will be no segment of income on which a PAYE code can be operated. In this case, you have to pay tax directly in quarterly instalments. The Revenue will consider a different arrangement—for example, monthly payments—if a pensioner funds quarterly demands hard to cope with. Building society interest comes with the basic rate of tax paid, and bank interest will also be taxed at the basic rate set since April 6, 1983.

The state pension depends on the national insurance contributions a person has made during his or her working life. To qualify for the full pension, full contributions must have been made for most of a working life. This means that a wife is far less likely to have a full record of contributions than her husband.

If her state pension would be small, smaller than what is called the dependant's addition to her husband's pension—that is, if she would get a bigger pension on her own contributions than on her own plus the dependant's addition, she can choose the larger pension of the two.

The current annual married rate for the state pension is £2,894, or £1,771 for a single person. Therefore, if a husband has a full record of contributions, the couple would currently be better off getting the married rate of pension if the wife's own pension was not more than £1,063 a year. If both husband and wife have made sufficient contributions to qualify for a full single person's pension, they will be better off by £708 than a couple on the married rate.

If the wife retires first and qualifies for a small pension in her own right, the Department of Health and Social Security should top it up automatically once her husband retires, if she would be better off with a pension based on his contributions. Since she can collect the higher rate of pension, there is no gain in gross income for a married woman with a limited contributions record. However, there is a tax advantage. When she has pension rights of her own, though small, she is entitled to claim the wife's earned income allowance to set against them. She can still claim the allowance even if she is getting a higher pension based on her husband's contributions, though if that is the case she will only get the allowance on the amount of pension corresponding to her own entitlement.

The current rate of age allowance is £2,490 (single) or £3,955 (married), and it can be claimed from the year in which the individual's 65th birthday falls. With married couples, only one partner needs to satisfy the age requirement. Currently the allowance begins to be reduced by £2 for each £3 of income over £8,100. There is, therefore, a fallback to ordinary allowance levels, once income reaches £9,300 for a married couple or £5,828 for a single person.

In the income band where the allowance is reduced, additional income suffers an effective marginal tax rate of 50 per cent. This is shown in the example, where the married couple in (1) are at the limit where they still get the full age allowance. Couple (2) have £900 of income over the limit, on which they pay exactly 50 per cent tax.

At the age allowance "danger zone," small changes in investments can make a worthwhile difference. Building society investments should be avoided, because the interest is grossed up before being counted towards age allowance.

Tax-free National Savings Certificates are a useful alternative, though with the recent hike in interest rates the canny investor will hang fire until the Government comes up with a new and more attractive issue. National Savings Certificates are designed as a five-year investment, but if the pensioner still needs income, there is a way round the problem. After one year (the minimum period you have to hold the certificates to get any interest) a number of certificates are cashed in, then again after the second year, and so on.

Any system which turns

income into capital gain is useful for keeping taxable income down to retain the age allowance. This includes selling gifts shortly before the dividend is payable or progressively realising tranches of a share or unit trust portfolio within the CGT exempt limit.

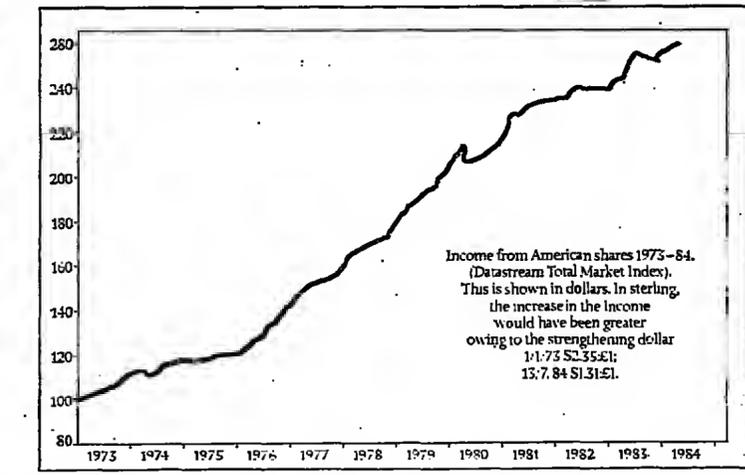
Where income is well below the age allowance the deed of covenant, better known in its grandparents-to-grandchildren guise, should not be forgotten. It can be used from children to elderly parents in exactly the same way. If a widowed parent over 65 gets only the state pension (£1,771), he or she will have £719 in "spare" allowances. A son or daughter could covenant £503.30 (£719 x 70 per cent) and the difference could be claimed by the pensioner from the taxman, providing a 40 per cent addition to income while remaining within the tax-free bracket.

EXAMPLE

The high penalty of lost age allowance

Income	1	2
Income	£3,100	£9,000
Income over £8,100	=£500. So allowance reduced by £400 x ½ =£200. Hence:	
Age allowance	3,955	3,355
Taxable income	4,145	5,645
Tax at 30%	1,243.50	1,693.50
Net income	2,901.50	3,951.50
Tax in case (2) less tax in case (1)		1,493.50
Extra tax paid on £900		450.00

Earn top bucks.



THE NEW AMERICAN INCOME TRUST

"America's economy is continuing to grow much faster than almost anyone expected."

That was the Observer's verdict on last month's "extraordinary" economic statistics from the States.

Bad news if you want to take a holiday there, great news if you have sent your money instead.

"Corporate profit figures, just revised sharply upwards, dramatically understate the true after-tax return on investment for most companies."

The Observer again, joining the growing band of Wall Street watchers who now agree that, if you're looking for a high income investment, rarely has there been a better time to invest in the United States.

And never has the Exchequer been so helpful.

A LESS TAXING TIME.

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- WHAT YOU NEED TO KNOW**
- Unit prices and yields are quoted daily in the national press.
 - Remember that the price of units, and the income from them, may go down as well as up.
 - The Trust is authorised by the Secretary of State for Trade and Industry and is constituted by a Trust Deed. It is a "Wider-Range" investment under the Trustee Investments Act 1961.
 - At the offer price of 25.0p the gross estimated starting yield is 5%.
 - Net income is distributed half-yearly on 25 March and 25 September. The next distribution will be on 25 March 1984. A year's fee of 1% (plus VAT) of the value of the fund is deducted from gross income to meet management expenses (including the Trustee's fee). The Trust Deed permits a maximum annual charge of 1.25% (plus VAT).
 - The Trust Deed empowers the Managers to include an initial service charge of 5% in the offer price, out of which remuneration is paid to qualified intermediaries; rates are available on request.
 - On any business day you may sell all or part of your unit holding back to the Managers at not less than the bid price, calculated using a formula approved by the Department of Trade and Industry, ruling on receipt of your instructions. You will be sent a cheque in settlement within 7 business days of receipt by the Managers of your renounced Unit Certificate.
 - Managers: Allied Unit Trusts Limited (Member of the Unit Trust Association), Allied Hambro House, Rayleigh Road, Hutton, Brentwood, Essex CM13 1AA. Telephone Brentwood (0277) 229123. Trustee: The Royal Bank of Scotland London Trustee Company.
 - Applications will be acknowledged on receipt and Certificates will be posted approximately 6 weeks later.
 - This offer is not available to residents of the Republic of Ireland.
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Registered in England No. 285988. Registered Office: Allied Hambro Centre, Swindon SN1 1EL.

I wish to invest £ (minimum £250 for new investors) in the Allied American Income Trust.

A cheque is enclosed made payable to Allied Unit Trusts Ltd.

I require income to be re-invested (tick box if applicable).

I declare that I am, we are over 18

Signature(s) _____ Date _____

(In the case of joint applicants all must sign). Please send contract note to: (Capitals please)

Surname (Mr Mrs Miss) _____

Forename(s) _____

Address _____

Please send me your leaflet on the Monthly Income Portfolio YES NO

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YOUR SAVINGS AND INVESTMENTS

CAPITAL TRANSFER TAX

The dangers of living to 105

CLIVE WOLMAN looks at a possible threat from the taxman to your wealth

YOU MAY be nursing the ambition of living to the age of 105.

But tell that to the men from the Inland Revenue and they will probably suspect you've got a tax dodge up your sleeve. The Revenue's Capital Taxes Office apparently believes that your chances of reaching 105 are so remote that it is denying approval to mass-market a tax avoidance scheme which has so far attracted nearly £400m of individuals' wealth. The scheme depends on a life assurance policy which matures only if you reach your 105th birthday.

The taxman's refusal to approve at least two versions of the scheme submitted by Royal Life and Save and Prosper in the past six months has cast doubt on the efficacy of most of the off-the-peg plans to avoid capital transfer tax.

The possibilities for handling on your wealth to your children and grandchildren without giving the taxman a cut are in danger of being drastically curtailed.

The difficulty is caused by a clampdown on artificial tax avoidance schemes initiated by the House of Lords in a series of judicial rulings culminating in a case in February. The Inland Revenue is now giving indications that it will be applying the principles of the judgments against CTT avoidance schemes.

In the good old days of estate duty, life was simple—at least it was if it went on for at least seven years after you had passed on most of your wealth or put it into a discretionary trust controlled by yourself. Then you could avoid paying

the duty no matter how valuable the estate.

Insurance companies would even allow you to take out a policy to cover the risk that you might die before the seven years were up.

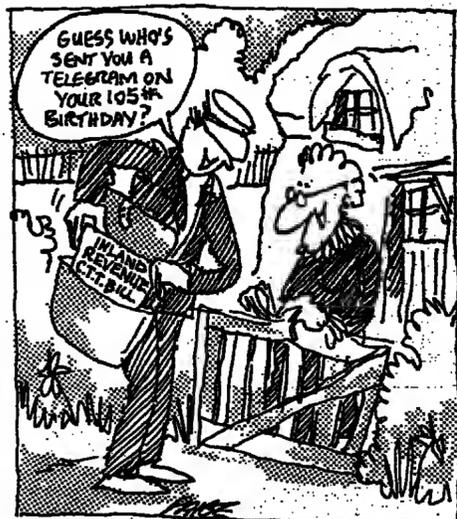
Capital transfer tax was designed to block up this loophole by taxing large gifts made at any stage in life. But the legislation has allowed for so many exemptions that if your eye is on the right side of 55 and your wealth on the wrong side of £1m, you should be able to avoid the tax completely.

The trouble is that you may have to start giving away large chunks of your wealth immediately to make use of the exemptions. These allow you to give away tax-free £64,000 every 10 years plus a further £3,000 every year.

However, particularly over the last three years, several types of tax avoidance scheme have sprung up. Their common objective is to allow you to appear to be making gifts of your wealth, exploiting the exemptions to the full. But in fact you can continue to draw an income from the assets you are supposed to have given away—and can change your mind about who should ultimately receive your wealth.

The scheme which appears to be most vulnerable is one marketed by four insurance companies. It received Inland Revenue approval before the present freeze. These are Legal and General, Merchant Investors, Property Growth Assurance and Trident Life. You "give away" your assets immediately but only by putting them into a trust which you effectively control.

However you continue to receive the income from the assets, which substantially reduces the value of the gift for tax purposes. The younger and healthier you are and the longer you can expect to live, the more the gift will be dis-



and thus less vulnerable. But not completely.

In most versions the donor makes only a tiny gift to a trust controlled by himself but tops that up with an interest-free loan. The loan is then invested and all the returns accrue to the trust outside the donor's estate. After about 20 years, the loan is repaid, but without interest. This leaves the donor's CTT exemptions intact to be used to make other, straightforward gifts.

The loan to the trust may be considered a genuine act of benevolence by the donor to the beneficiaries of the trust (typically his children)—and not made to avoid tax. The only artificial part is the fact that it is interest-free.

The Inland Revenue may consider that the donor in fact intends to make a gift of all the income or returns to be derived from investing his loan over, say, 20 years. But he achieves this by inserting a step, the interest-free loan, which is designed purely to dress up the gift as a non-gift for CTT purposes and thus avoid tax.

Thus all the returns from investing the loan could be deemed to be a taxable gift, undermining the whole purpose of the scheme. As the scheme, to be fully effective, needs to last for 15 to 20 years, clients may not be protected fully by the inhibitions against applying the new principle of tax law retrospectively.

Robert Venables, a barrister who specialises in tax law, is sceptical about the chances of the Inland Revenue winning such arguments against either CTT scheme. The loan in the inheritance trust has been made in reality, he says, and it cannot just be disregarded as though it never existed.

Moreover, the returns from investing the loan cannot be considered a genuine gift as the loan can be recalled at any time by the donor.

As far as the discounted gift scheme is concerned, however, Venables does admit a doubt. "For people who want to play it absolutely safe and be free of hassles," he says, "there must be a question-mark over the schemes."

counted. The aim will normally be to reduce its value to below the £64,000 exemption level.

If you survive 10 years, your estate is wiped clean and you can make another £64,000 gift tax-free (plus £3,000 worth of gifts each year).

Normally, a gift of capital where the donor retains the right to the income does not count as a genuine gift for CTT purposes. Instead, the assets would continue to be included in the donor's estate until his death.

The "discounted gift" schemes however are designed to side-step this provision. They do so by combining two artificial life assurance policies which, individually, no self-respecting actuary would touch with an elongated slide-rule.

It seems likely that it is this feature of the scheme that the taxman regards as vulnerable to the House of Lords' judgement. This stated that in a composite transaction, any step inserted purely for the purpose of avoiding tax can be disregarded.

It would be difficult for the unfortunate clients of these schemes to claim that they had taken out a life assurance policy which paid out only if they lived to 105 because they thought it a good deal.

The truth is that if they were to survive to 105, they would be given a large CTT bill for their efforts.

However, those who have already invested in such a scheme may escape the wrath of the taxman as the Government has given assurances that the principles of the court ruling will not be applied retrospectively in most circumstances.

But you should be careful not to tinker around with the trust powers too much, for example by changing the ultimate beneficiaries of your gift, as this may vitiate the Inland Revenue's inhibitions against applying the principle retrospectively.

The other popular CTT avoidance scheme, usually called the inheritance trust, is less transparently artificial.

Which one?

£/\$

?

£/DM

?

With floating exchange rates the volatility of currency values has dramatically increased over the years. At the same time, the daily trading volume in the world's currency markets is 15 to 20 times greater than that of the world's stock markets.

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The European Banking Traded Currency Fund

The Fund provides investors with access to the currency markets, under professional guidance, and aims to produce significant returns from skilled currency management, daily dealing results and wholesale interest rates.

The advertisement has been published by European Banking Company Limited, an exempted dealer.

In addition to seeking medium term currency gains the Fund has a distinct feature whereby up to 25% of its assets are traded daily on a spot basis in the foreign exchange markets.

This allows the exploitation of the enormous potential of the world currency markets whilst retaining maximum flexibility on the Fund's assets. Positions on the trading element are closed out daily, so dealing starts again each day.

The Manager

The Fund is managed by EBC Trust Company (Jersey) Limited. EBC Trust is a subsidiary of European Banking Company Limited, which in turn is Investment Advisor to the Manager. EBC is a merchant bank well-known in the City of London for currency trading in the major sectors of the foreign exchange markets.

The European Banking Traded Currency Fund Limited

To: J.V. Hudleston, EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St Helier, Jersey, Channel Islands.

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£1000 invested when the fund started on 12th September 1980 has grown to £1843.00 (16th July 1984) of which £389.00 has been distributed as income. This represents a total return of 84.0% in less than four years by investing *only* in different currencies.

Investment Date	Value	Income
£1,000 invested on 15/9/80	£1,000	£0
£1,000 invested on 15/9/81	£1,000	£0
£1,000 invested on 15/9/82	£1,000	£0
£1,000 invested on 15/9/83	£1,000	£0
£1,000 invested on 15/9/84	£1,843.00	£389.00

THE BEST WAY TO INVEST — The Britannia Sterling Managed Currency Fund is a tax efficient way for U.K. investors with £1000 or more to invest in the world's leading currencies. The Inland Revenue has indicated that providing the Fund continues to distribute its available net income it should be able to obtain certification from the Inland Revenue as a distributing fund. Profits realised upon encashment of shares should not be taxed as income but should continue to be taxable as capital gain. Remember that the price of shares, and the income from them, can go down as well as up.

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Sterling Deposits	10%
Total	100%

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YOUR SAVINGS AND INVESTMENTS

NATIONAL SAVINGS

Should Harry and Pru cash in?

DINA THOMSON discusses the investor's position after the rise in interest rates

HARRY BRITAIN is the sort of client they like in the National Savings Department. Self-employed since 1947 after coming out of the air force, he is now 63 and has almost £40,000 invested in National Savings Certificates (non-index linked), alone.

The same amount (£40,000) is invested for his wife, Prudence, and together they also hold index-linked certificates.

Both Harry and Prudence work, they are taxed separately and each is a 45 per cent rate taxpayer. Their National Savings Certificates go back to January 5, 1967 in the 12th issue.

In the wake of this month's hike in interest rates after more than two years of stability, the Britons and savers like them are faced with the choice of whether or not to cash in their National Savings Certificates.

Money freed by cashing in certificates could be reinvested in a new 28th issue of Savings Certificates which was announced yesterday.

The 28th issue, which goes on sale from August 8, will offer tax-free returns of 8.0 per cent if held for five years. This is similar to the return Harry Brittan could expect from buying short-dated low coupon gilts—and is a 1.75 per cent improvement on the 27th issue which is to be suspended.

National Savings Certificates have the appeal of providing tax-free income. But as they offer a fixed, guaranteed initial return, a jump in interest rates can undermine their attractions and make it worth taking a closer look at the alternatives.

The returns on both index-linked "granny bonds" and certificates are weighted towards the fifth year. This is a considerable disincentive to cashing them in before the five years are up. Cashing in either certificates or "granny bonds" in the first year for example, results in a loss of all interest.

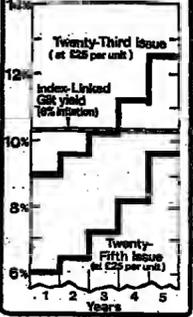
But certificates issued more than six years ago—since the pre-determined time-frame during which they earn fixed rates of interest—move onto a common extension term, which offers a rate of interest that is set by the Treasury.

Mr Smith's 12th issue certificate, bought on May 10, 1967 on a fixed extension term of 17 years, with a compound rate of 7.84 per cent over years 12 to 15, is now earning the current common rate of interest of a mere 6.84 per cent.

Yesterday, however, the Department for National Savings announced that this rate would be increased for most old certificates to 8.2 per cent from August 1. This will, however, still be below the rate on the new 28th issue.

Other, later issue certificates pose greater complexities of assessment. Mr Smith's 19th

NATIONAL SAVINGS CERTIFICATE YIELDS



issue certificate worth £1,500, bought on February 4, 1980, is now earning 13.25 per cent in its fourth year, and will earn a starting 15.96 per cent in its fifth. The compound rate of interest over the five years will have been 10.33 per cent.

Both the 19th and the 23rd issues are particularly attractive at the moment. While money invested on the first day possible—November 9, 1981—in the 23rd issue would now be earning 10.25 per cent, the Treasury 2 per cent '88 index-linked gilt might offer Mr Smith, as a 45 per cent rate taxpayer, a slightly higher yield.

Assuming inflation averaging 6 per cent, an average tax-free capital gain of 9.25 per cent plus 2 per cent (worth 1.1 per cent to a 45 per cent rate taxpayer), works out to 10.35 per cent.

Keen Seager of Whitechurch Securities suggests that Treasury 2 per cent 1988 is a particularly strong competition to National Savings Certificates as its period to redemption of four years is close to the five years wait for the pay-off from savings certificates. But there is an important difference: the money does not have to be left tied up for the full four years in fear of a penalty on withdrawal, as the gilts can be sold at any time.

Low coupon conventional stocks may be an attractive alternative, particularly if inflation remains low—Exchequer 2½ per cent 1987 offers a net redemption yield of 8.50 per cent to the 45 per cent rate taxpayer, for example. Simon Coker, of stockbrokers Phillips and Drew, suggests that a higher return can be achieved by buying ex-dividend gilts and then avoiding the third dividend by selling it 18 months later.

Mr Smith's investments in National Savings Certificates most recent 25th, 26th and 27th issues—in particular are crying out for a comparison with gilts.

The 25th issue, launched on November 17 1982, offers just 8.48 per cent in the second year of its life. The investor may be getting better rates of return on the 26th issue, launched in August last year.

But its return over five years of 8.28 per cent is still slightly below the returns on gilts—possibly the difference is not worth the trouble of switching. The 27th issue, still in its infancy, offers just 5.28 per cent at the end of the first year, and nothing until then. You should cash it in now without any interest and cut your losses.

● "Harry Brittan" represents an FT reader of a different name.

Offshore Funds

LUCY KELLAWAY looks at the choices facing offshore investors

OFFSHORE CURRENCY funds are alive and kicking in spite of the Inland Revenue's New Year raid on the roll up funds. From January all rolled up gains became taxable as income, regardless of their source.

This was a complete about turn—not only did it mean that interest income could no longer pass as capital gain, but that genuine capital gains from currency appreciation suddenly became taxable as income.

Old hands at the currency fund management game acted quickly to get "distributor" status from the Revenue. So long as they paid out 55 per cent of their income, remaining capital gains were once again taxable as such.

N. M. Rothschild, Prudential Portfolio Managers and Guinness Mahon all took this route and set up distributor funds alongside their existing funds. So more recently has Hambros bank.

The merchant bank J. Henry Schroder Wagg has two offshore currency funds. One, a distributor fund in Guernsey, is professionally managed. The other, in Jersey, is a roll-up fund where the client chooses his currency.

But distributor funds have yet to prove themselves the magic solution they seemed at first. Guinness Mahon admit to having been surprised that more of their UK investors in the established International Fund didn't switch to the new Distributor Fund.

The choice between the two kinds of currency fund is not clear cut even for a high taxpayer. If he invests in a fund that rolls up income, his tax liability is deferred until he sells the shares.

This will be attractive to anyone expecting to be in a lower tax bracket when they come to pay the tax. But for others who don't expect their tax bracket to change, the deferral is also important.

In effect, tax that is not actually paid out in any year is quietly earning money. Assuming an 18 per cent gross annual return and a 60 per cent tax rate, over a five-year period an average net return of 10.4 per cent if tax is paid each year, compares unfavourably with a return of 11.5 per cent if tax is not paid until the end of the period.

A further problem with distributor funds is that investors wanting income aren't likely to be in a currency fund anyway—but in a high yielding gilt fund instead. And simply investing income after the tax has been creamed off will not be attractive to anyone.

In retrospect, the relative unpopularity of distributor funds is not surprising. More surpris-

Funny foreign money games

MANAGED CURRENCY FUNDS (performance to June 1 1984)

Name	Size	Result of £1,000 invested after			
		3 years	2 years	1 year	January 1984 %
Britannia Manager Currency Fund	£22.9m	£1,626	£1,260	£1,094	2.4
EBC Traded Currency Fund	\$9.1m	—	—	—	5.1*
Guinness Mahon International Fund	£12.7m	£1,838	£1,472	£1,146	1.4
Hill Samuel Managed Currency Fund	£31.4m	—	—	£1,181	5.4
RBC International Currency Fund	\$10.8m	—	—	£1,034	1.9
Vanbrugh Currency Fund	£65.0m	£1,564	£1,296	£1,119	2.2

* From January 15 1984

Source: Money Management

ing is why, after an initial bloodbath, UK money is now trickling back into offshore currency funds.

Fund managers will tell you that currency funds were never intended as tax vehicles anyway. They started life with the lifting of exchange controls in 1979, and grew as investors saw the sense in spreading money over a range of currencies. Diversification means fewer risks as movements in both exchange and interest rates offset one another.

With the same breath they will point out that their fund goes a step further—it adds to total returns by making timely switches from one currency to another.

This sounds, and is, too good to be true. Every change in the mix of the portfolio may lead to losses just as much as to gains. Currencies are notoriously volatile and their swings notoriously difficult to predict.

(The accepted view that the

dollar must fall has so consistently been proved wrong that the mood is at last changing. No doubt just as more and more people declare themselves bulls, the dollar will begin its long awaited slide.)

Even so, the scale of exchange rate movements means that huge gains are there for those who get it right. Anyone foolhardy enough to suppose he can do it alone, should invest in straight currency deposit funds, where the wholesale interest rates earned are generally higher than an individual could get on his own.

He can then switch from one currency fund to another at his own choice. Both Rothschild and Guinness Mahon offer such schemes. They have a clear cost advantage over the managed funds, as they avoid the front end fee of about 3 to 5 per cent.

On the whole, however, amateurs are ill advised to go it alone. Forecasting exchange

rates is a game that is best left to the experts.

Clearly, investors in managed funds must expect the fund managers to be right more than half the time. Whether they actually are or not is hard to measure.

Of the five funds that have been around long enough to establish a track record, all have achieved more than a 10 per cent average annual return.

The best two, Guinness Mahon International Fund and Britannia Manager Currency Fund would have turned an investment of £1,000 three years ago into £1,838 and £1,626 now—eminently respectable, if unremarkable, performances. But many of the other, newer funds have done less well, often making large losses.

This cannot be said for the first new fund to add its name to the list since the plugging of the offshore tax loophole. The European Banking Traded Currency Fund launched in January has got off to a crack-

ling start. The fund is the first to offer investors a way into the \$100m a day interbank foreign exchange market. Twenty-five per cent of its assets are traded actively on a daily basis although no positions are taken overnight. This forex trading doesn't tie up the fund's assets: any gains made are a pure extra to interest earned on the fund's investments.

EBC London, which is an experienced and well respected player in the London interbank market, is the investment adviser to the fund, although the actual trading takes place in Brussels. However, it shouldn't need underlining that an amount of experience guarantees profits in currency trading.

In the first three months the fund produced an annual return of just over 20 per cent. Of this, only 1.5 per cent came from currency trading. Most of the return resulted from a currency gain on the fund's investment, which the managers themselves seem to regard as fairly atypical.

Aided by a stamp of approval from Legal and General, who are marketing it, the fund has grown since January to about \$12m. Annual half of that comes from UK residents. For this fund, the decision not to get distributor status was straightforward—profits from trading count as income and would have to be distributed.)

The minimum investment in the fund is \$1,000. There is an initial charge of 3 per cent followed by a 2 per cent annual management fee.

Next week: Sterling deposit funds.

Personal pensions plan unveiled
(Financial Times 17th July 1984)

Fowler sets out plans for portable pensions
(The Times 17th July 1984)

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PROPERTY
Search for the sporting life

BY JUNE FIELD

THE GAME FAIR on Thursday, Friday and Saturday is at Broadlands, once the home of Earl Mountbatten, now that of Lord and Lady Romsey. I have been asked to bring my gun by Strutt and Parker, and my dog by Jackson-Stops and Staff.

I have neither gun nor dog, but I have always been an enthusiast for this annual get-together of country sports-lovers first held by the Country Land Owners' Association in 1958. And this year there is the bonus of a look around Broadlands, elegant Palladian manor.

The Fair also presents a useful opportunity to meet the estate agents who will have stands there—Jackson and Jackson, Jackson-Stops and Staff, Savills, Smith-Gore, and Smith Woolley—and see the sort of property they are promoting, and who to.

Main partner Paul Jackson, says that he does not believe that the rise in mortgage rates will have any immediate or damaging effect. Nor does he think that it is going to cause a slump. "All it might do is cause a further steadying in property values in what has already become a price-sensitive market."

"The demand for property is unprecedented at the moment. There is no shortage of buyers for places in all price ranges. It is the actual properties that we need, both in the town and country."

For the other agents the emphasis is more on large sporting estates where farming activities, woodlands and a house go with a grouse moor, deer forest and/or fishing, making up a prime sporting, residential and agricultural estate.

"The market in 'sportings' has turned round from last year when it was very difficult to find buyers for the estates that were available," says Matthew Balfour of Strutt and Parker's Edinburgh office. "But now the vast majority have found buyers at prices only slightly below the 1983 asking figures, and the supply is getting shorter."

While the big estates make corresponding prices, shooting lodges remain reasonable. Sold earlier this year through Strutt and Parker, Leathes and Blecker, Chester, was the original shooting lodge for the Llanvynnmair Grouse Moor, Powys, which still retained the game larders and kennels. The 15-bedroom house, gamekeepers' flat, seven acres and shooting rights over about 2,500 acres, had a guide price of £60,000.

Salmon are threatened by high sea netting, although strong lobbying by the Atlantic Salmon Trust has had a good effect, and there has been some legislation to control poaching. Buyers are prepared to pay high prices for a beat on a good river. A share on the River Oykel in the Highlands attracted enormous competition with the final figure very much in excess of £300,000, reports Strutt and Parker's Matthew Balfour.

More than £150,000 was paid for the Newbie Fishings on the Annon, Dumfriesshire, where the 10-year average of salmon was 93 (average weight 11½ lbs), sea trout 83, and herling, those bright little trout of some three-quarters of a pound and good fun on a light tackle, around 570. The price included two cottages on the riverbank, one of which lets to fishermen at around £3,000 per annum.

which included planning permission for a hotel.

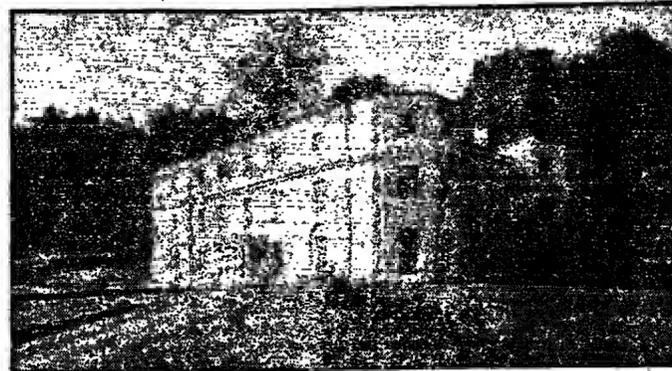
Although foreign interest is still strong, particularly among Americans, Savills' partner Guy Galbraith reports that the most active investor has been the British sportsman. "But sellers of estates cannot be categorised," he insists, while recording that some vendors are moving south and reducing their current commitment in Scotland, where many lairds are being forced into either reducing their keepers, or selling off land for forestry.

"In England there are no sporting rates for land farmed in hand, but in Scotland all sportings are rated. It is the liability for the rating of grouse ground which represents the last straw for many a moor owner. And although grouse should breed well because of this spring's favourable conditions, the problem is that stocks are dangerously low."

Grouse moors attract a wide range of capital values depending on their quality. The unit of valuation is the brace of birds, which is currently £450 to £600 a brace. So it looks as if it will be a Glorious Twelfth after all.

For stags, numbers are still in jeopardy following the high mortality rate in the spring. A prudent buyer takes account of the short term drop in the annual cull, says Galbraith, while pointing out that deer movement is still threatened by continuing programmes of afforestation which can upset normal movement.

Salmon are threatened by



The shoot on the 1,785 acre Wormsley Estate, Watlington, Oxfordshire, is considered the best in the Chilterns. A price well in excess of £3m is expected for the 18th century mansion, 17 other houses and cottages. Brochure from Andrew Langton, Aylesford & Co. 440 King's Road, London SW10 (01-351 2383), and R. Ross, Savills, 20 Grosvenor Hill, London W1 (01-499 8644)

And where to seek

- The Limes and Willow Lodge, in 2 acres at Hungerford, Berkshire, are a pair of Georgian houses with fishing rights on the Avon and Kennet Canal (£170,000 through Knight Frank & Rutley). Through the same agent is Dens Farm in 261 acres originally part of the Wadhurst Estate, Sussex, where Edward VII as Prince of Wales used to shoot regularly. (In the region of £300,000.)
- The Hon James Drummond's Lotus Estate, near Dumfries, has 2,261 acres plus an 18th century house, various farmhouses and cottages, and opportunities for grouse, geese, duck, pheasant, woodcock, snipe and roe deer, plus fishing in the loch. £1.25m through Cluttons, Mayfair and Edinburgh offices.
- On the River Tweed, Dick Haldane, Fishing and Sporting Holidays, Cloan, Auchterarder, in association with Savills, are offering time-ownership of a beat (a maximum of three rods), for one spring and one autumn week from £7,500 to £37,500 per unit. Last year's catch was a record 205 salmon.
- Corriear, Glenshiel, is an estate of 8,000 acres with a stalker's cottage and a five-year average of 47 stags and 28 hinds, plus the right to use a boat on Loch Cluanie, where fish over 3 lb are taken regularly on the fly. (£200,000 through Peter A. Leggate, Westerton, Gordon, Levenshaine, and Strutt and Parker, 26 Walker Street, Edinburgh.)
- The Erriboll Estate, Sutherland, 17,500 acres on the shores of Loch Erriboll, has a lodge, bungalow, nine cottages, a deer forest producing 19 stags, and salmon, sea and brown trout fishing. £420,000 through Strutt and Parker. The same agent is also offering, at in excess of £500,000, Deddism Manor Farm, woodlands and sporting rights, part of the late Lord Hambleton's will trust. It is an investment property producing a gross income of £33,025 a year.

GARDENING
How to catch a crop

BY ARTHUR SANDLES

A BRIEF experience of dealing with a British vegetable garden will demonstrate why they are called "catch crops." The fact is that these so-called saviours of the summer are always bolting and catching them is something of an art.

A catch crop is a quick maturing vegetable which you can either place in the gaps left after the gathering of other crops or plant between slower growing things which will not be ready for months. With winter cabbage, sprouts and broccoli now going in, and early potatoes and some onions coming out, there are always a few spots to tempt the gardener who does not like an empty space.

The traditional catch crops are lettuce, carrots and spinach. The last mentioned has always defeated me. My own garden is on fast-draining chalky soil. Spinach seems to dislike the conditions so much that it bolts for the sky. A row I planted a few weeks ago beside some nicely maturing parsley has sprouted a few meagre base leaves and then leapt upwards, developing into inedible stringy giants.

Too much heat and too little water are, of course, the causes, but there is not much I can do about that.

Lettuce presents almost as much of a problem but, at the moment, I have my fingers crossed. Early in the season there was great success with the ever-popular All the Year Round. They came on nicely under glass and kept us well provided in the early Spring until the May heatwave struck and the dreaded bolt began again.

Like a group of terrified coits the little lettuces shot upwards and made themselves suitable only for the compost heap.

I have now moved the lettuce bed, and changed variety. Having lifted some Maris Peer early potatoes from a patch of ground slightly shaded by yew trees I set out, more in hope than expectation, three or four rows of Wobbes seedlings which my local garden centre seemed relieved to off-load, and a whole bed of Salad Bowl seeds. Both seem to enjoy the setting.

The Webb, with its crisp leaves and slightly bitter taste, is so superior to that dreaded import iceberg, is familiar enough. Salad Bowl is a relatively new arrival. It is a continuous grower and careful tearing off of enough foliage for a daily supply seems to do a smallish bed no harm. At the moment this neglected patch is faring very well, in spite of the fact of it being so dry that (touch wood) slugs and snails have proved no problem. Germination was rapid and growth excellent. No bolting so far.

Clearly the success is due to this part of the garden being cooler than the rest and, thanks to the trees and the remaining potatoes, slightly shaded.

That has still left me with the problem of the old lettuce bed, and the areas left by the raising of more potatoes. I do not want to plant brassicas or herbs, the obvious answers, because I have my eye on reducing the vegetable area over the winter months in order to get some more flowers in.

The one answer, at the moment, seems to be courgettes. Although I have found them very 'devil' to germinate and coax into puberty, after that they are much better behaved than some of the books would have you think. They survive a few days of drought, complaining slightly with saddened leaves and fruits that look a bit misshapen but taste none the worse, and recover rapidly on being given a good soaking and a liquid feed. Lettuces are now in the restaurant.

It is a little late to plant courgette seeds for this year but you might still find a few plants for sale. The F1 hybrid Zucchini is excellent, with zucchini and a nice flavour if picked when about six to eight inches long. Once they are much bigger they develop quite thick hearts and you have to waste a great deal in the cooking. They plant marrow.

Four or five courgette plants are quite enough to keep a normal family fed, but having less is dangerous because you will need male and female plants in flower at the same time for fertilisation.



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TRAVEL

China opens its doors—carefully

By JULIAN BOWDEN

BUREAUCRATIC constraints on independent travel in China were eased a year ago when the Chinese authorities announced that henceforth 29 major cities would be "open."

It quickly emerged that the new system for dealing with individual visitors created—surprising given this was the first "open" summer. Yet things worked.

Getting around Beijing proved straightforward, even without a knowledge of Chinese. Taxis are cheap, or bicycles could be hired (many had the brand name "Flying Pigeon").

Peking abounds in historical sites and they can all be reached by bus. They all have a nominal entry charge of 1d or so, and are always crowded.



Visitors to the Great Wall at Badaling, about 40 miles from Peking

and pavilions, which was the home of Ming and Qing Emperors for five centuries. Despite the looting of past invaders, much remains.

The Great Wall is probably at the top of everyone's itinerary for it is the architectural symbol of China.

From the Tombs the coach climbs fast mountains on a narrow twisting road until sud-

denly there is the Badaling coach park and tourist shops (look out for the Great Wall Antiques Store). The Wall stretches out and away from both sides of the road.

Although it seemed other visitors had problems in booking plane and train tickets, we experienced no difficulty. Train tickets could be booked from an office adjacent to the CITIS office in Coangwanmen one day and collected two days later.

The cost of travel in China depends on the degree of comfort desired. A single fare from Beijing to Shanghai soft sleeper, hard sleeper or hard seat would be 145 yuan, 77 yuan or 48 yuan respectively.

Canton cost 60 yuan, for example.

Trains provide a marvellous view of rural life as they amble across the countryside. If you are lucky—and we were once—you'll be pulled by a steam engine.

Independent travel in China has some disadvantages. Group travel will enable you to tick off more sights per day—it will not be necessary to book, queue, plan and deal with the unexpected—yet it will detach you from the Chinese.

Arthur Sandles writes: Timings and prices in the above article were those experienced last summer. China is still encouraging independent visitors, but it is not a question of renting a car and drive in.

When you apply for your visa you will have to say where you are going. Be patient. The Chinese are feeling their way with tourism and do not have the resources that other nations, even under-developed ones, have in booking systems or bed capacity.

If you are keen to go the unquestioned first stop is a bookshop for The China Guidebook which offers an enormous range of information, including details of independent travel.

Voyages Jules Verne, of Gt. Portland Street, London, W1, have been the UK's Chinese tour pioneers and the London office of CITIS is in the same street.

British Airways has flights to Beijing. British Caledonian, Cathay Pacific and BA fly from London to Hong Kong, a destination recommended for recuperation and shopping after the excitement of mainland China. Fares vary from time of year, class and length of stay.

Settle in danger

"ENGLAND'S Greatest Historical Scenic Route" boasts British Rail's publicity for the spectacular 70 miles of railway between Settle in Yorkshire and Carlisle in Cumbria. And so it is. Yet if BR has its way, the line will be closed by next summer.

Running through some of England's most rugged and sparsely populated scenery, from the edge of Bronte Country to the gateway to Scotland and the Lake District, the line clammers up to a height of 1,170 feet. As the train thunders across 10 viaducts and through almost as many tunnels on its most dramatic 40-mile stretch, an ever-changing vista unfolds: one moment a near-vertical view up past hill-clinging sheep to the top of a fell, the next a breathtakingly sheer drop across the head of a dale, with broom-studded moorland stretching away towards rows of distant hills.

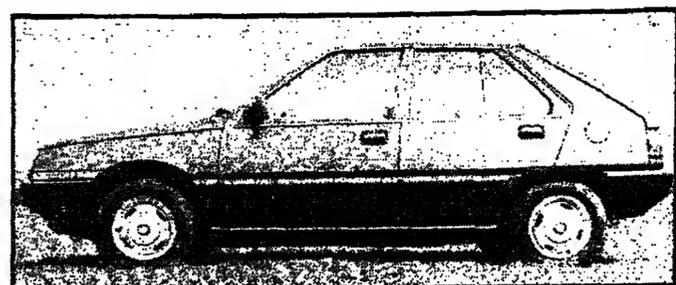
It is the very audacity of the line's situation which is maintaining it to cause its downfall—almost literally. Having neglected for several years to carry out major repairs to the great 24-arch Ribbleshead Viaduct and other key structures, and having diverted all but a handful of trains on to other routes, BR has issued a formal closure notice on the line. It claims that £6m need to be spent on Ribbleshead alone, and that even then the line would lose £1.5m a year.

Mindful of the line's obvious attractions to tourists, BR itself has organised various day excursions on normal diesel trains, and at weekends a special "Dales Rail" service operates, calling at several points to pick up and set down hikers. But to capture the full historical flavour of the line one needs to catch one of the privately-operated, steam-hauled "Cumbrian Mountain Expresses" which run on Thursdays until late September (there is an extra trip on August Bank Holiday Monday). Starting from London Euston at 8.20, the train picks up at four stations on its way north, returning at 22.00.

BR offices provide details of its own services, and those of Dales Rail (also by post, with SAE, from West Yorkshire FTE, Niche House, West Parade, Wakefield WF1 1NS). "Cumbrian Mountain Express" details from SLO Marketing, 104 Birmingham Road, Lichfield, Staffs WS14 9BW. Tel 05433-54076

Christopher Lorenz

MOTORING



Four new Mitsubishi Colt hatchbacks arrived in the showrooms recently with a choice of two bodies and four engines. The three-door 1200 GL has a 1296 cc and the three- or five-door 1500 GLX a 1468 cc engine; the Colt Turbo is powered by a 1,597 cc engine producing no less than 123 horsepower for a claimed 120 mph maximum. And the 1800 GL diesel's engine is stronger on torque (pulling power) than high output but is still good for a shade over 90 mph with 30 mpg-plus consumption. All the cars have five-speed gearboxes, the unique two-range transmission with power and economy settings having been

dropped. Amusing though it was to have a theoretical choice of eight gears, three of them were so close together that it performed like a five-speeder anyway.

Prices are much the same as they were for the previous model and range from £4,749 for the 1200 GL to £7,749 for the 1800 Turbo. The 1800 diesel is £5,999 and the only automatic, a GLX, costs £6,199. Compared with rivals, and considering the full specifications, the new Colts appear reasonably priced. They all have tinted glass, split rear seats, laminated screens and (diesel apart) transistorised ignition. The diesel should be particularly smooth as it has

Mitsubishi's two "Silent Shafts" to reduce vibration, which Porsche has been licensed to use on its 944 model. Colt thinks the diesel may well prove to be the best-seller.

The sharp styling contrasts with the rounded look of the first front-drive Colt hatchback and, come to that, with the new Lancia's curves. Mitsubishi has gone to a lot of trouble to smooth the airflow over and under the body and claims its drag coefficient is among the best in its class. The Turbo version has a rear spoiler and flaps on the lower body to make it slipperier still. Pictured: the 1500 GLX five-door.

Hatchbacks get hotter

THE HOT hatchbacks are proliferating in what has become the fastest-growing section of the market. But why do nearly all manufacturers assume that everyone buying a warmed-up version of a family car wants only two passenger doors?

I believe that demand for a five-door GTI-type hatchback would surprise some of the makers who now serve up only three door versions. And, incidentally, I also believe a small, luxuriously equipped, power-steered car with automatic transmission (think of a two-pedal Renault 5TX) would attract a lot of not very price-conscious customers whose journeys are short and nearly always in town.

But I digress. Last month, Lancia proved it was an honourable exception to my rule. Its Delta HF Turbo, claimed as the fastest 1600 cc hatch on the road, appeared with five doors. It has stiffened suspension, a 2F five-speed close ratio gearbox, Michelin TRX tyres on alloy wheels and matt black mlakiskirts under the sills. With 130 horsepower produced at 5,600 rpm and a close ratio gearbox, the HF Turbo is exceedingly lively — yet it is just as suitable as family or business

transport as the less potent naturally aspirated Delta from which it has been developed. Top speed is said to be 121 mph.

It has "bar graph" instrumentation, Recaro seats, sliding steel sunroof, central locking, electric front windows and headlamp wash/wipe in the executive pack version which costs £7,990. Doing without some of the goodies reduces the price of the standard HF Turbo to £7,250.

Lancia is the first to admit it went through a very bad patch a few years ago and it still has to live with the reputation it earned for negligible corro-

sion resistance. But now it is obsessed with product quality and inbuilt protection from the dreaded tin worm. The protective treatments applied at the factory are now the equal of those of any other manufacturer and better than some. Quite apart from the preling, which is keen to say the least, Lancia is offering a special insurance scheme which, it says, means a Delta HF Turbo can be covered for less than a Ford Escort L6, despite its Group 7 rating. All round, the HF Turbo looks like a good bet for the hot hatch stakes.

World Cars 1984

As Wisden's is to cricketers, World Cars is to motoring correspondents. It is the most valuable reference book of its kind and I can't imagine life without it. The 1984 edition (published by Herald Books at £22.50) contains a detailed specification of every car in production in the world, however obscure. Electric cars—nearly 30 are listed, of all shapes and sizes:

there are several well informed background articles on car production in Europe, Japan and the U.S.; and a 40-page statistical section from which I lift just one nugget of information—the world's cheapest car is the Suzuki Alto MS-B hatchback, £1,325 fob Tokyo. Who will be the first to try to bring one back as cabin baggage?

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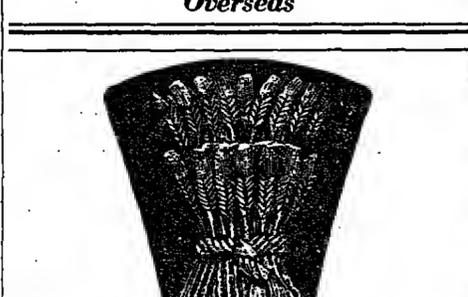
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Spinster eye

BY RACHEL BILLINGTON

A Very Private Eye: An Autobiography in Letters and Diaries by Barbara Pym edited by Hazel Holt and Hilary Pym. Macmillan, £12.95, 358 pages.

Barbara Pym was always fascinated by the concept of the spinster. In her first novel, *Some Tame Gazelle*, written while she was still at Oxford, she created a pair of spinster sisters sharing a flat. Some years later in 1942, she commented, "Perhaps Belinda and Harriet (her fictional spinsters' names) will come true." In 1946, after her sister, Hilary's divorce, they did indeed set up home together and continued to live together until her death in 1980.

It was this "spinster" Barbara Pym who burst in if that's the right word for someone whose modesty was fundamental upon the literary world in 1977 after years in the wilderness of the unpublishable. She presented a life-style both in herself with her cats, her cottage and her carriages, and in her books with their quiet tales of christianity and the middle-classes—a life-style that went out with the war.

It was the 1960s which failed to appreciate a talent likened by her two foremost admirers Philip Larkin and David Cecil, in Jane Austen. Now that all her books are back in print and no defensive exaggeration is necessary, it seems a good

moment for an unemotional estimate of her work. This is helped by the publication of her diaries and letters, edited and introduced by her younger sister and her colleague of 25 years, Hazel Holt. They stretch from 1932 when she was in her first year at Oxford to her death. The diaries are well-written and entertaining on a rather more dramatic scale than her novels. This is due to her candid accounts of her love-affairs which, though not numerous and essentially unhappy, certainly do something to overturn the spinster image. Which, one suspects, was not the least of the authors' intentions.

Barbara Pym was one of those highly emotional women, perhaps one could even use the word "romantic," who very much want to be "in love" with a vicar, handsome man. The two great loves of her life, both of whom treated her badly, were tall, dark and handsome in a classically story-book way. Just as a description plays such a vital part in her books, so physical appearance both in herself and others was always very important to her. This preoccupation makes her a very good diarist since the word pictures are invariably detailed and vivid.

Pym does not, however, appear to be intellectual to the point of undergoing a constant wrestling with an inner life. Religion, or religious observance which form the backdrop for so many of her novels, is barely discussed. Her work at university, or during the war

when she was posted to Naples for the Wrens, or afterwards when she settled in as deputy editor of *Africa* magazine, took second place to her emotional life. Interestingly, her books turn out to be a pale imitation of what she actually felt. It is as if she deliberately played down her own passions, using in her novels as in life, the very English technique of irony.

The domestic side of her nature seems to have been encouraged for the same reason. A grand love-affair is described in the same breath as methods for darning socks. At university she chooses between taking a steam bath and considering Beethoven. "I chose the former and I think the result justifies my choice."

Since unhappy love was to be her lot, it may be that she was right to find comfort in the house. "What a lot one learns about the technique of misery!" she writes ironically. During the war she fell in love with the estranged husband of the woman in whose house she was living. A two-month affair in which she quited him as saying at the apogee of their relationship: "In a queer kind of way I'm in love with you"—gave her an emotional source-book for years afterwards. "The spinster" still haunted her. "It's better to be dramatic," she notes, "than just a lonely spinster, though it comes to the same in the end." At that difficult time, she listened to *Uncle Vanya* on the radio and compared it to her own life— "except that we don't sit down



Barbara Pym in a rural setting.

under our sorrows—no we are dreadfully splendid and even join the Wrens." It is the screams and shouts of the suffering Russian which are missing both from her life and her works. In the early 1970s when her loves were all behind her, she was suffering from cancer of the breast and her books were no longer being published, one looks with sympathy and fascination to see what sustained her. One looks in vain. Even here there is no mention of spiritual succour (or lack of it). The customary minutiae of everyday life are recorded with customary fervour and modesty. "Dreadfully to bed" is the phrase she uses to end

one entry to her diary and it seems to sum up her attitude. And yet the passionate woman lurked underneath, giving her fictional characters a secret sexuality which has made her books a favourite on the library shelves. When the most unlikely of events occurred and she found herself a fashionable literary figure, facing the television cameras in her cottage-garden, she still took care to preserve her spinster cloak. She described the event in a letter to Philip Larkin: "... a question about my treatment of men characters suggested that I had a low opinion of the sex. My instinctive reply sprang to

my lips. 'Oh, but I love men,' but luckily I realised how ridiculous it would sound, so said something feeble...." An early editor advised Barbara Pym to "be more wicked, if necessary." It was obviously an absurd suggestion yet one sympathises with her feelings. An *Unsuitable Attachment*, which was so notoriously turned down by Jonathan Cape, is not a good or readable book. In it her fear of looking "ridiculous" has pushed her deep into the "feeble" area. On the other hand, such novels as *Excellent Women* and *A Glass of Blessings* can rightly be described in the blurb-writer's jargon as unpretentious little masterpieces.

Fiction Inner worlds

BY ISABEL QUIGLY

A Dangerous Time by Stan James. Century, £8.95, 254 pages.

Dividing Lines by Victor Sage. Chatto and Windus, £8.95 (paperback £3.95), 166 pages.

Crumbs under the Skin by Carol Bruggen. Andre Deutsch, £7.95, 176 pages.

Stan James uses the traditional forms of fiction and the subjects and action of what (dare one say it?) used to be called women's fiction, with a good deal of force and individuality. *A Dangerous Time* is the story of two working-class girls in the Midlands during the 1930s and the war: their friendship from school days, their ways of life as adults, Susan's marriage, Laura's love affairs, children, relations, houses, and all the continuity of the relationship between them in spite of fundamental differences of temperament and temper, outlook and personality. Susan is pretty, light-weight, marriageable, because all she wants is marriage, Laura is serious and studious and her hopes are higher, her dreams broader than Susan's, a lot less likely to settle.

In any case, the action seems to ask, what is a woman's destiny, the form of her life? Love, it suggests, is a lot less absolute than fiction would have us believe: much more a matter—even when passionate—of compromise, acceptance, making the best of things and, above all, forgiveness, lack of rancour.

Laura has plenty to be rancorous about; so has Susan, both had unpromising beginnings, childboos, bleak (Laura's) or oppressive (Susan's). Nor do their adult lives run any more smoothly than anyone else's. But they keep a firm hold on their long friendship, and on the nature of friendship, of relationships of all kinds. Stan James is particularly good.

A satisfying, intelligent book, small-scale but admirable. *Dividing Lines* is a collection of short stories, the first book by a writer with a strong, disturbing talent. He isn't a good bedtime read; his writing threatens not just the orthodoxes of behaviour and feeling but the whole use of the imagination (what is it up to? What can it be allowed to do? Where does fiction allow to? To balance this distasteful there's the style, very strong, but held in check for almost comic effect: staidly explosive, weirdly orthodox and exact, sometimes bureaucratic in its flat, strict use of reality in outlandish contexts. Outlandish every story in the seven is. There's no central eye or I, no centre of emotional gravity, no particular authorial

sympathy one can put down or establish. The stories vary in every way, have no identifiable link of subject or outlook. Mostly they defy reason and even physical sense yet they manage to seem commandingly true, to convince one of the improbable, even impossible. "Little Goethe," for instance, is a genius who never grows beyond babyhood, and so remains everlastingly adoptable, an eternal prodigy with a great man's mind locked in the body of an infant. "Crusoe" has his island, with all its familiar attributes (single footprint, survival routines, rescue plans, goats, hut and parrot); but where is it? In his head, one presumes, with all the trappings of other ludicrous fantasies. "Obscurity" has a "crutinous dwarf" of a footnote in Ernest Jones's life of Freud telling his version of what happened and of his own life before and after. "Destructive Angel" has the mistress's faithful little daughter, turning a mania for punishment into the nearest of childish revenge on the lover. "Nada" is about a young hermaphrodite (or rather pseudo-hermaphrodite) in Franco's Spain, where normality and manliness reign. All are told with deadpan exactness of observation, a "lighter" style. But since Ian McEwan's first stories has an disturbing and exhilarating a talent come my way.

Carol Bruggen is another new writer and *Crumbs under the Skin* is also, bizarre and perhaps original, but Bruggen has little idea how to deal with the *debutante* time between the novel and the other worlds, and this is her way of doing a novel about death.

India works in the cutting room of a garment factory and lives a rich fantasy life which, every week she takes to her neighbourhood. There's her husband's family, a raucous world of children, endless questions of home and religion, sloughing it off into fiction. Victor Sage's *Dividing Lines* is a collection of short stories, the first book by a writer with a strong, disturbing talent. He isn't a good bedtime read; his writing threatens not just the orthodoxes of behaviour and feeling but the whole use of the imagination (what is it up to? What can it be allowed to do? Where does fiction allow to? To balance this distasteful there's the style, very strong, but held in check for almost comic effect: staidly explosive, weirdly orthodox and exact, sometimes bureaucratic in its flat, strict use of reality in outlandish contexts. Outlandish every story in the seven is. There's no central eye or I, no centre of emotional gravity, no particular authorial

Have-nots take

over BY NICHOLAS BEST

Cataclysm: The North-South Conflict of 1987 by William Clark. Sidgwick & Jackson, £10.95, 236 pages.

A Third World War, not between the haves and have-nots is the theme of William Clark's fictionalised *Cataclysm: The North-South Conflict of 1987*. A war of tariffs and trades and economic sabotage, fought with banking systems and computer tapes rather than guns and bullets.

Africa and Latin-America renege on their debts. The banks of Europe and North America refuse a moratorium. The UN breaks up in disarray, the nations of the industrial north pitted broadly against the poverty-ridden south, although both sides retain a foot in the other's camp. They need each other too much to close the door completely. The initiative in this strangest of wars is taken by an electronics wizard in Nigeria, who uses a pirate satellite to feed all kinds of disinformation into Western—northern—comput-

ing systems in an attempt to force the big guns back to the conference table. Wall Street crashes after a run on banks is programmed into the computer. Credit cards in Britain are all overdrawn at the height of the Christmas rush. A malfunction is triggered in Israel's nuclear reactor, causing the Israelis to clamour for nuclear retaliation against their enemies, whoever they may be.

A credible scenario? William Clark is a former vice-president of the World Bank and a leading light in the Brandt Commission on the problems of the Third World. Though essentially fiction, his books contain very little dialogue and reads more like a banker's quarterly report — as it is intended to — than a novel. He is no Paul Erdman. As to whether he is right, the idea of restructuring the global economy with taxes on high gross national product, consumption of non-renewable resources, and so on, certainly bears examination. But it is difficult to imagine the poorer nations being able to put the boot in quite as hard as he suggests.

Stalin's hour

BY ZARA STEINER

The Road to Berlin: Stalin's War With Germany by Weidenfeld & Nicolson, £20.00, 577 pages.

One does not need to be a military historian or enthusiast to enjoy this densely packed and often brilliantly written account of the Red Army's liberation of its own territories and subsequent pursuit of the German forces right into the heart of Berlin. John Erickson's task was as special as the events he describes. There are few historians anywhere who have had such access to the sources. Soviet, German, Polish, Serbian, Romanian that he had used or had the opportunity of interviewing so many of the key Soviet participants in the "Great Patriotic War." Over 200 pages of references, sources and annotated bibliography

provide a mine of information for both Russian and non-Russian language readers. The critical judgments of men and nations make these notes as riveting and important as the text itself. The sub-title "Stalin's War with Germany" is, in fact, the central theme. The military source underlines how much was due to Stalin's direction and constant intervention in the details of military planning and operations. The astonishing fact was, as John Erickson writes, that when Stalin said, "I demand more." This is my last warning," "more" usually meant "no more". Stalin's often brutal methods with his commanders paid high dividends. The competition between Zhukov, Rokossovski and Konev achieved what Stalin demanded but what most have deemed impossible, operationally and logistically to each commander.

Among Sikhs

BY K. NATWAR-SINGH

An Indian Attachment by Sarah Lloyd. Harvill Press, £9.95, 244 pages.

This is an unusual book. I do not remember reading anything similar in India in recent years. Sarah Lloyd is a young landscape architect and a compulsive traveller. She had visited large parts of the globe before embarking on her Indian journey.

In the late 1970s she spent two years in India with a young Sikh girl whom she met accidentally in Calcutta. She calls him Jungli which, in the vernacular, means wild, untamed, unpolished. She lived with him throughout her stay in India, first in a remote mud-hut village in the Punjab with his unpolished family, later in a hut on the fringes of a religious community where Jungli worked in trying conditions with a self-styled Sikh saint who was quite obviously a con man.

Half way through the book, I asked myself, "What on earth did an intelligent, educated, modern, English girl have in common with an individual like Jungli?"

A few pages later she provided the devastating answer: "Long before I met Jungli and for the duration of my stay in the East, I avoided other Westerners, there being plenty of them at home. Although fully aware of how hard it was to achieve a mutual understanding with our Indians, and how efforts, once over the first hurdles, with those of one's own background, I wanted to be immersed in India. I wanted to penetrate the Oriental mind. Then I met

Jungli, a man untouched by the West. Jungli did not ask me personal questions ever. Disarming candour, but one or two questions arise. The Oriental mind extends from the shores of the Eastern Mediterranean to Japan. What of Jungli might have possessed, passion, loyalty, selflessness, religious faith, a mind he did not have. The author was aware of his shortcomings and inadequacies, but having given him her heart, she put up with his moods and demands.

To live with such an individual the one asked her heart and soul for exceptional patience. This Sarah Lloyd has in abundance. "Through him she keeps hold of herself. She never lets go of her critical faculties. She observes everything and puts it down on paper in the assurance of Jungli and his family. Her descriptions of the stark, raw and unforgiving existence of the Indian folk in India are authentic and free from outside-sounding sentimentality. She took to India without reservation even down to her own role:

India taught me to be a woman. I discovered how much more simple, pleasurable and dignified life became when men and women had separate and clearly defined roles. "An *Indian Attachment* is a sensitive, honest, rare and extraordinary document. Sarah Lloyd writes well; her narrative and her love story while occasionally exhausting are never dull. Her psychological insights are uncanny. She possesses exceptional inner strength and resources. These saw her through an incredible two years.



Neil Kinnock lays down the law

Neil now

BY MALCOLM RUTHERFORD

Neil Kinnock: The Path to Leadership by G. M. F. Drower. Weidenfeld & Nicolson, £8.95, Paperback £5.95, 162 pages.

At the Labour Party Conference in 1973 Barbara Castle went along to the annual Tribune Rally just in time to hear Neil Kinnock making his customary appeal for funds. She wrote in her diary that it was the "funniest collection speech she'd ever heard: 'He's a find, that boy.'"

For a while that was how it remained. The boy Kinnock was the master of knockabout in a party that had plenty to cry about. Yet for nearly a year now, at the age of 42, he has been leader of the party and is, in theory at least, the alternative Prime Minister. Clearly there must have been some ambition behind the clowning.

G. M. F. Drower, a young PhD student, has produced the first biography and it has the merit of not being entirely flattering. But it is not especially hostile either. Drower is faced with the question of how it is that a man of great intellectual stature, who had held no previous executive office except the presidency of the students' union at the University of Cardiff, and who had turned down the offer of being a junior minister to Roy Hattersley in the 1970s, has reached such heights.

The answer seems to lie in a mixture of charm, ambition, opportunism and, perhaps most important of all, a realisation of the need for good organisation. There have also been periods of considerable application: the young Kinnock passed only three O levels, was persuaded to resist them and passed nine. He was keen on games, but never got beyond the second XV. Yet later he was to show his skills as a coach at London Welsh. For all his affability,

he could also be dictatorial. When he was president of the union, he ordered the bars to be closed and threatened to have the lights switched off at the main in order to make people attend his meetings. He seems to have made his way to the top without many people noticing. Yet Drower points out that he had given assiduous attention to the television studios, to the constituency organisations and ultimately to the trades unions. Everybody knew him and everybody liked him.

It is not true that he has never taken a stand on any political issue. Drower draws attention to his very strong opposition to Welsh devolution at a time when many of the opportunists in the Labour Party had decided to support it. Kinnock even voted with the Tories against it. It was held, if it was also opportunistic, to come out against Tony Benn for the deputy leadership. At one stage he incurred the wrath of the party for refusing to promise to restore all the Tory cuts in education.

At times he plays the buffoon. He told the House of Commons: "Other than when playing darts, I become confused at the mere mention of 'figures.'" Drower has unearthed the curious story of Kinnock's book on *Nre Bvan* after doing a spot of bird for some major departure from conventional conduct. McVicar took the professor on a tour of London haunts favoured by hoisters, con men, individuals "on the heavy" (robbers) and other varieties of villain. Convinced by McVicar that Taylor could be trusted and that his tape recorder would not be put to some anti-social use, those hard-working and, on the whole, successful operators shared their expertise with Taylor. Many popular conceptions, encouraged by films and telly are mistaken. It is almost a rule that you never drive fast away from anywhere. You chase your wheel-man, not because he is a crack-driver but because he

Spending era

BY DOUGLAS JAY

Keynes: The Instability of Capitalism by Fausto Vicarelli, translated by John Richard Walker. Macmillan, £25.00, 194 pages.

This is an English translation of a book by Professor Fausto Vicarelli of the University of Rome, first published in Italian in which he makes a major and scholarly attempt to assess Keynes's contribution to economic thought in the light of world events in his lifetime. It is a book about both Keynes and Keynesianism. On the whole Professor Vicarelli's aim is to record accurately what Keynes actually said, and what has become of his doctrines after a generation of debate, rather than to judge where he or his critics were right or wrong; though Professor Vicarelli fairly evidently regards him as the greatest economist of this century.

Re-reading the story now, one is struck by the fact that Keynes unlike some of his academic colleagues, was much more keenly interested in real economic events, and the need to explain them, than in the history of economics. The monetary upheavals of 1914-1925 (one form of the "instability of Capitalism") led him in the *Tract on Monetary Reform* and *Economic Consequences of Mr Churchill* to concentrate on the effect of changing money values and to argue that these things could not be just left to look after themselves. Then the Great Depression of 1929-32 appeared to him, as to others, to be something which traditional economics had neither predicted nor explained; hence the intellectual struggles of the *General Theory* in 1933.

What emerges most plainly from Professor Vicarelli's record as Keynes's major contribution at this stage was his insistence on the concept of effective demand as the key factor in the modern economy, though it had almost vanished from traditional economics since Malthus. Whether or

not Keynes had assaulted the central classical doctrine, it could hardly be denied then or now that the revival of this concept had made the Great Depression more intelligible and a way out of it appear more possible. At the same time if there was any serious weakness in the *General Theory*, it was perhaps Keynes's easy assumption that the only cure for a deflationary situation and an excess of saving was more capital spending, when in fact any spending would have served, as in this passage Keynes admitted:

In this sense Keynes still lived in a world where capital formation was assumed to be normally carried out by private entrepreneurs, with or without animal spirits, calculating interest rates and investment yields, from industrial expansion schemes. The world of consumer credit, public investment and house-purchase finance had not fully developed; and if it had, perhaps Keynesian and post-Keynesian literature might have devoted less space to the "marginal efficiency of capital," "interest-rate theory and so forth. Understandably, however, Keynes, in his capacity as Rursar of Kings and Chairman of the National Mutual, found these particular issues fascinating in themselves.

Professor Vicarelli's book is largely based on the actual literature, and he accordingly says little of Keynes's immense exertions in the building up of the International Monetary Fund and the World Bank and the world economic reconstruction after 1945 which was for 25 years so notably successful. For reasons no doubt of scrupulous academic restraint, Professor Vicarelli also refrains from speculating on what his subject would have thought of the current age of stagflation; though evidence could have been quoted (eg from the *Employment Policy White Paper* of 1944) that Keynes would have recognised a cost-inflation when he saw one.

Criminal chat

BY GEORGE MALCOLM THOMSON

In The Underworld by Laurie Taylor. Blackwell, £7.95, 188 pages.

The underworld is, for most of us, an undiscovered country; although we live within calling distance of it. Now Professor Taylor, professionally interested in it, supplies us with a guide. He does so after a tour of inspection with his chapman, John McVicar, now a free man after doing a spot of bird for some major departure from conventional conduct.

McVicar took the professor on a tour of London haunts favoured by hoisters, con men, individuals "on the heavy" (robbers) and other varieties of villain. Convinced by McVicar that Taylor could be trusted and that his tape recorder would not be put to some anti-social use, those hard-working and, on the whole, successful operators shared their expertise with Taylor. Many popular conceptions, encouraged by films and telly are mistaken. It is almost a rule that you never drive fast away from anywhere. You chase your wheel-man, not because he is a crack-driver but because he

will stay nice and cool outside the bank while all the fireworks are happening. But robbing banks is not what it used to be: the banks are too well protected by one means or another. In consequence, the more thoughtful robbers now go for the security vans. Professionals tend to shy away from bank robbery, leaving the market to dangerous amateurs, men who give guns in all directions on the least provocation.

Jewel robbery is a highly specialised branch of the industry. An expert is taken along to Rotten Garden to inspect the ring which the thief fancies. Then he knocks up a perfect replica—a "tat," so-called because the stone is made from the almost worthless mineral zircon. Sometime during an imitation of the real ring the "needle" (switch) takes place.

From his talks with McVicar and his friends, Professor Taylor has brought back a mass of information which will be of interest to his students of criminality at York University. To a wider public he gives a depressing picture of the underworld and incidentally the vocabulary of the contemporary world of villainy.

Ved's vision

BY GAY FIRTH

The Ledge Between The Streams by Ved Mehta. Harvill Press, £12.50, 525 pages.

Long ago, John Milton wanted books that "do contain a picture of life in them in as active a way as that still whose progeny they are." Ved Mehta's volumes of autobiography, appearing at intervals between his other books like charms slowly added in a bracelet, are written in a way which Milton would approve.

This is the fourth. Like the others, it is distinctive for richness of physical description in prose which, passing slowly under the eye, has the literary equivalent of perfect pitch. Scarcely a visible grace-note decorates such unselfconscious plainness. Scarcely a detail of Mr Mehta's apparently total recall of events, conversations, joys and sorrows in a large, affectionate Hindu family in the Punjab, in the 1940s, sparks a suspicion that the occasional grace-note must have been added to memory. It is an extraordinary achievement; above all, an extraordinarily happy road. Ved Mehta's art, and his singular gift, is to relegate in the ceilings and attics of his Western readers' minds the worn, shabby, absurdly cherished belief that human life and its capacity for love and humanity, on the Indian continent or any other, is intrinsically different

—different in essence, not merely in social, religious, and historical elements—from life lived on the continents of Europe or America. Mr Mehta uses an inner eye independent of and more powerful than ordinary physical vision. It transmits our common identity. There is nothing in this delicately observed, intimate picture of modern India, set against the rumblings of world war and the waning of the British raj, to make us feel lost, or alien. If there is, it is certainly not the bruisingly vivid, wincingly recognisable account of a boy learning to ride a bike:

I grew in confidence, and before long I was riding any available bicycle. I would get Usha up onto the bar and pedal fast, sometimes taking my hands off the handlebars. She would scream with fear and delight. "No!... Please!... Enough!... Dow!"

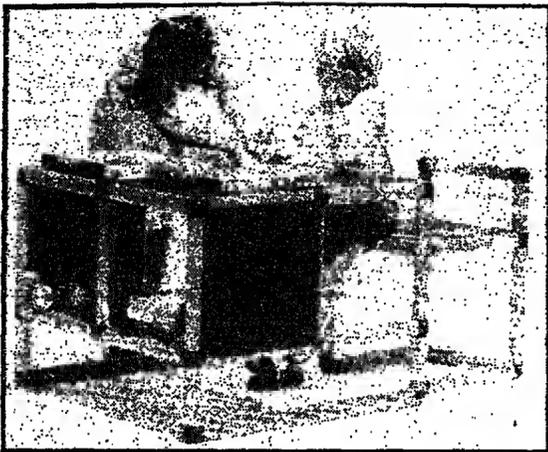
Ved Mehta was nine when he first rode a bicycle around his father's house, then along the road, pursuing his sisters to their school. He had been blind—struck sightless by meningitis—from the age of four. He has been blind ever since: a condition which, on the evidence of his books, seems less of a handicap than a supernatural power superimposed on literary skills superbly controlled. Knowledge of condition will seem, for readers, the only unbelievable, unidentifiable aspect of a memoir potent with life, glowing with light.

John McVicar

HOW TO SPEND IT

by Lucia van der Post

PLAY TIME

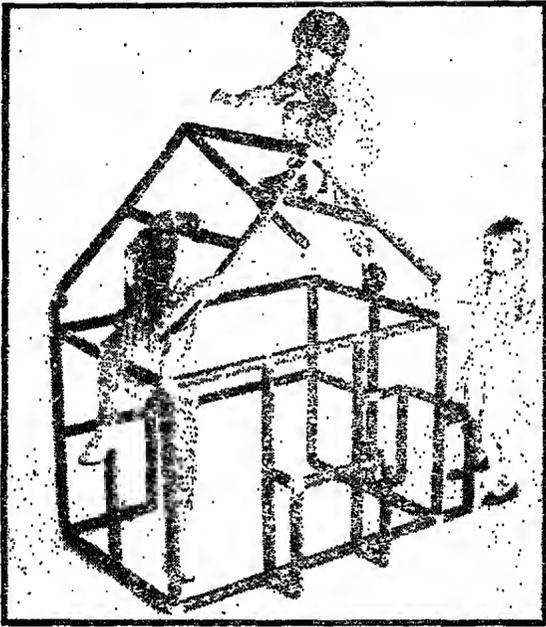
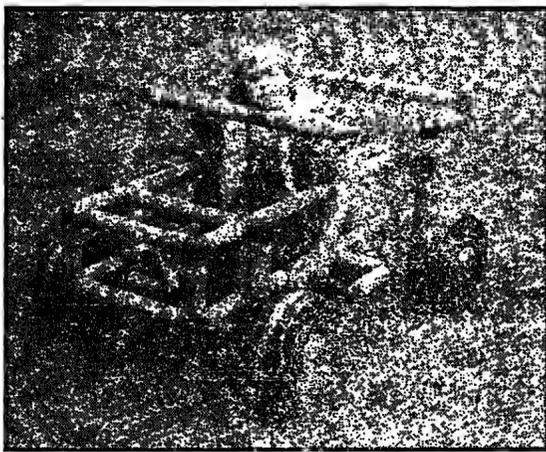


ABOVE: Use the Quadro kits to form a desk

ABOVE RIGHT: Here Quadro has been used to make an open car

RIGHT: Gympo's playhouse for indoors or out

BELOW: Gympo's two-wheeled rickshaw



BUILDING KITS

If you're thinking that now is the time to invest in some sturdy out-door play equipment and you can't quite make up your mind which to choose, take a good look at two systems photographed above—Quadro is featured in the two top pictures, Gympo below.

In the beginning there was Quadro. Invented by Hubert Ruetter a few years ago, it is basically a large scale construction kit which is sold in packs and for which there are several add-on packs which aficionados can buy at a later stage. It is

based on strong red polypropylene tubes which are locked together by black plastic screws (the system is patented) and most children over about four can join the tubes together but are likely still to need guidance from parents on the designs.

Quadro has become the market leader, is stocked by Hamleys, John Lewis Stores and Early Learning Centres, has been decreed a good thing by The Good Toy Guide, and it is

generally agreed has stood the test of time.

It is reckoned to be very strong and stable and with a starter kit costing £59.95 a small playhouse, slide or tunnel could be made. The Junior kit is £79.95 and offers more of the same so that everything can be made on a bigger scale while the Universal Kit (£99.95), the biggest one on offer, means the child can build a computer stand, an emergency

guest bed, a desk.

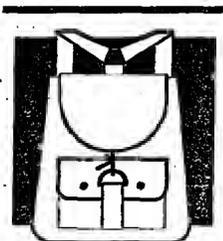
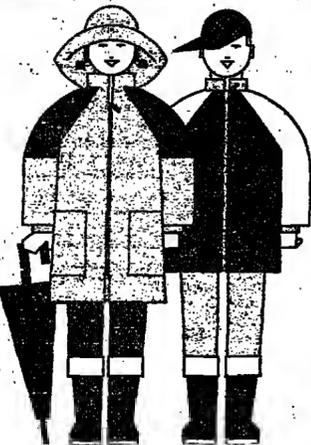
New this year is Gympo which looks very like Quadro indeed. Its founder is Bob Magid and he aimed to produce a construction kit which would be very easy for a child to use—Gympo's tubes are smaller than Quadro's and thus, claims Bob Magid, easier for a child to grasp and cope with. It is bright blue in colour and all the connectors are coded by colour. It, too, offers a great deal

of potential for constructing different play units—from push-carts to shop, slides to play-houses, it, too, has four kits, the cheapest being £30.95, the most expensive £99.95.

It is not as yet widely stocked but it can be seen at some W. H. Smith branches.

Anybody weighing up the merits of one against the other is best to think carefully about what they want it to do—Quadro seems to me much more solid, Gympo is lighter. Go and look for yourselves.

DRESSING UP



ABOVE: The Rambler rucksack from the Waterducks range

LEFT: Bright yellow and red rainwear by Waterducks

RIGHT: Old-fashioned charm from Penny's



MY MEMORY of holidays in Britain with small children is of an endless battle to keep them warm and dry and a dearth of garments which would do either job attractively. So it's good to see the arrival of some exceptionally attractive waterproof clothes for children—not only do they have the kind of panache and zing we usually associate (perhaps unkindly) with across the Channel, but they are based on an all-British invention, a new fabric which really does seem to do what its inventor claims that it does: keep out the water and wind but allow the air to circulate.

The fabric, Airtex, was evolved under the initiative of Waterducks founder Dennis Halls. It is very light to wear, isn't at all stiff like some traditional waterproof materials, but above all is completely impervious to water. Many waterproof materials

stitching, but the seams of Waterducks garments are welded by ultrasonic means so that water cannot leak through. Finally, the material can be hand-washed, machine-washed or dry cleaned.

Having evolved Airtex, Dennis Halls contacted Jim Gardner, who has been associated with Bernard and Laura Ashley for many years, and asked him to help design a range of children's rainwear which would be practical, appealing and different. The result is a stunning collection—all in bright, zingy primary colours like canary yellow, deep blue and red. The clothes are not just utilitarian cover-ups against the rain, they are eye-catching and attractive enough for many children to want to wear them whatever the weather.

westers and Macs, trousers and bomber jackets, dungarees and capes, as well as a whole series of useful extras, like the rambler rucksacks, (marvellous in bright yellow, edged in red), a duffel bag and peaked caps.

At the moment the range is just for children from about 18 months to 10 years but already plans are under way to use the fabric in a collection of rainwear for adults. Waterducks is mainly sold in rather exclusive stores like Harrods and Harvey Nichols of London SW1, Fortnum and Mason of Piccadilly, London W1, but it is hoped that it will be much more widely available shortly.

It is already a wow in the U.S. where Neiman-Marcus, Saks of Fifth Avenue, Macy's and Gimbels have all agreed to stock it. Over here prices for the sun/wester are about £9, dungarees about £24, capes

ENTIRELY different from Waterducks, which is about as modern and up-to-the-minute as you could hope for, is Penny's. Penny's clothes for the mini-set are based on a good dose of old-fashioned nostalgia.

Lurking in the family attics of Jolter Webster were boxes of baby clothes and small children's clothes that had survived in her family for more than 60 years. After the birth of her son she began to feel that something could be done with the designs—they seemed to her so attractive and well-made that she decided to see what she could do with the help of a wholesale fabric supplier, a skilled cutter and willing seamstresses.

The result is a charmingly unashamedly nostalgic collection of clothes that seem to have sprung from the pages of Winnie the Pooh. Manny would approve. There's a

tie-back pinafore to wear over it with a sunbonnet. Then there's a real Christopher Robin sailor suit in white and navy, with the sun hat that gives it the authentic look.

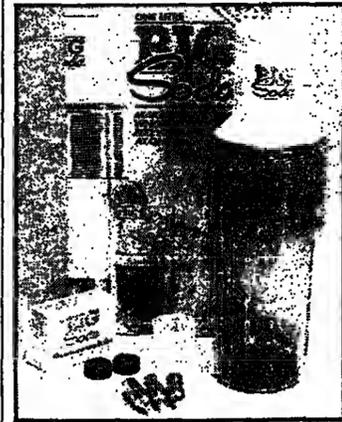
Also in the collection is a gingham sunsuit with a matching sun-hat for small babies (up to 18 months) and Lord Faunteroy rompers in red or navy and gingham with a white frilled collar and white gathered sleeves.

The collection—as you can see it is tiny—is geared just to under five-year-olds but the prices are very good. The sailor suit costs £5.95 for the two pieces and £2.50 for the hat. The gingham dress is £2.20, the pinafore, £2.75 and the matching knickers, £1.50. The long rompers are £4.25 and the baby's sunsuit, £2.50, the blouse, £1.95 and the sun-hat, £2.60.

For a leaflet write to Penny's at 52 Queen's Road, Westchester, Middlesex.

FIZZY DRINKS

SUMMER days are thirsty days and, as every parent knows, the cost of fizzy drinks can send the blood pressure soaring. A timely moment,



then, to see what the two major fizzy drink machines, Soda Stream (photographed right) and the latest arrival, Big Soda (left), have to offer. And who better to test them out than an enthusiastic and impartial nine-year-old, Emma Bell.



“THE first time I tasted a Soda Stream drink it was made by an 80-year-old colonel in the country. His Soda Stream is 4 ft 6 in high and 70 years old! I've loved Soda Stream drinks ever since.

I have just tested the new Soda Stream 101 and its rival Big Soda. I think Soda Stream 101 was a lot better than Big Soda. There is a great difference between them. The reasons why Soda Stream 101 is much better are:

It has very good clear instructions. The instruction booklet also tells you how to mend it if it goes wrong. Big Soda's instructions are much harder to understand.

With Soda Stream 101 it is quick and easy to make a fizzy drink, whereas with Big Soda it is much harder to make a drink and it also takes longer. We may have been doing something wrong but we could not get much fizz out of the Big Soda at all and without fizz it tasted disgusting!

With Soda Stream you can get more than 20 flavours. My favourite is ginger beer and I also like lemonade and lemon and limeade. I tried Indian tonic water. I liked it a bit but it is really an adult drink. I did not like cola at all. Big Soda came in several flavours but I did not like the two I tried very much because I couldn't get any fizz.

Big Soda takes one 11m siphon of gas to make one drink (at least we could only get one drink per siphon). If you want

to make another drink you have to remove the siphon and put another one in which is very fiddly. With Soda Stream 101 the big long cylinder of gas makes 100 8-oz bottles of drink.

I recommend Soda Stream 101 to any children who like fizzy drinks and want to make them themselves. It saves a lot of money for parents and it also means that children can have a drink whenever they want to.

Another good thing about the Soda Stream is that when you want a new cylinder you just take the old one and exchange it at a cost of £2. (A new cylinder costs about £10.) Big Soda's siphons have to be bought in packages.

Emma Bell

WELL, there you have it, one very perceptive consumer's personal survey of the two major fizzy drinks machines on the market. Parents might like a few more practical details.

Soda Stream costs about £24.95, Big Soda about £20. Soda Stream's syrups are £1.99 a litre, Big Soda's £1.90. Soda Stream offers about 31 different syrup varieties (including blackcurrant, cola, Canada dry mixes, Emergen, I Cal, Tizer etc). Big Soda offers only four of its own brands (cherryade, lemonade, orange or cola) but with the machine you can use any of the other concentrates on the market (including Soda Stream's) and, of course you can use wine to make a spritzer.

Soda Stream is rather bigger and more solid and you have to take the cylinder to the shop to exchange it (for £2.20) when it runs out. With Big Soda you use 8 gm soda (Sparklets type) bulbs for each litre of drink and you buy them in packs of 10 (£1.70) which you just throw away when finished—therefore you don't have to worry about running out of fizz in the middle of a party. Being lighter and more portable you can take it with you to a barbecue or on a picnic more easily. It also makes its drinks in larger quantities—a litre as opposed to Soda Stream's half litre. Soda Stream has been at it longer and therefore has a well-established retail system so you can buy the concentrates almost everywhere.

Working out the comparative costs are not easy but Big Soda reckons 1 litre of fizzy drink costs about 34p, Soda Stream estimates 26p.

RAINY DAYS

Few summers get by without the inevitable rainy day and the equally inevitable cry of "There's nothing to do." My own children were always singularly averse to anything that smacked of arts and crafts and began to back off as soon as the coloured paper and beads came out but some of you must have much more amenable offspring for whom Rodney Peppé's book, Make Your Own Paper Toys would be just the thing. It has 10 different toy suggestions—from pop-up clown cubes to tumbling acrobats, from folding hexagon puzzles to revolving pyramids. The results are colourful, amusing and genuinely attractive. If you want to keep it up your sleeves for real emergencies make sure you read the introduction first so that you have supplies of the materials on hand (these aren't elaborate but they are essential).

in Next week's FT

On the Management Page—Stay in money broking, but not much else, R.P. Martin sees a need to broaden its base

On the Technology Page—Architects are coming to computer plots and how the home robots will replace dog and cat as a pet

See the Arts Page for reviews of Happiest Days of your life/Barbican Ratepayers Iolanthe/Southbank

plus a 20-page survey on Japan on Monday

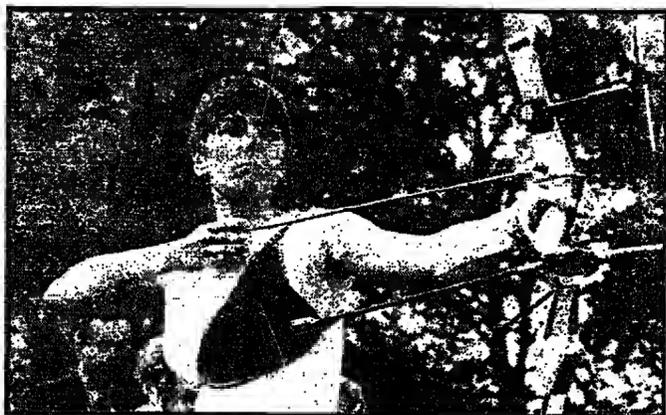
The FT brings you the information you need—read it every working day.

No FT... no comment

LEISURE



Game Fair attractions. Above: showing off a three month old Tawny eagle named Agel. Above right: Sue Wallis in the archery demonstration.



THE GAME FAIR which this year is at Broadlands, Romsey, from July 26-28, could best be described as an annual celebration of Country Sports. True, the accent is on what are emotively described as blood sports, but this is far from exclusive. More and more people indulge in clay pigeon shooting, tournament casting, returnable fishing and archery—all of which originated in killing animals but now are simply competitive games of skill. Not that the Country Landowners Association, which has run the Fair since 1958, stresses the humanitarian side. The CLA is the bastion of the landed gentry, who are extremely commercially minded and if they do not fish and shoot themselves

GAME FAIR JOHN CHERRINGTON

are only too happy to lease out their rights for others to enjoy. And the demonstrators make it all look so easy. Jack Martin simultaneously casting with five rods when we have a job to work one properly. The silent gun dogs obediently picking up dummy pheasants on demand, without a shout or whistle. An expert scattering clay pigeons with every shot. A lady archer with a bow so modern as to have a sight and wind gauge, defeating her male of the species who was missing everything with the

traditional longbow. For those whose blood sports are preferably silent, how about training a falcon (just the thing to take the tawny's partridges while you look the other way). But of course, no Game Fair would do that. Ms. Jemima Parry Jones had an eagle literally eating out of her hand; "very easy to train," she said. To conform, the sportsman has to be dressed in kill in dark olive protective clothing, of which there is an abundance together with accessories essential to every chase. There is literally something for everyone at a Game Fair—whether it be stimulating the hunting instinct or gathering ammunition for the next attack on blood sports.

In random condition

BOOKS ARE the subject of two of the chapters in Lord Rothschild's new collection of essays, "Random Variables" (Collins £12.50). In 1937 he purchased a copy of the rare first edition of "Tom Jones" in its first issue, six volumes, original boards with pages uncut. It was a book he particularly wanted, but the dealer insisted that he should also buy part of the manuscript of Pope's "Essay on Man" as a condition of the sale.

Each item had fetched £23,000 at a famous sale in New York in January 1929. At five dollars to the pound, that was £11,800. After the Wall Street crash, prices had fallen for a time as the widows of defuncting investors sold off their collections, but we can see why Lord Rothschild regarded the £3,500 which he paid in 1937 as "a knock-down price."

He was however paying a premium for original condition. Copies of the first issue in contemporary binding were regularly available at that time for about £20. One was sold for £2. If Lord Rothschild had been content with the second issue, he could have had a copy for £1—or for 10 shillings fozed.

Personally I have never shared the passion for books. Until the introduction of cloth in the early nineteenth century, books were designed and intended to be rebound. The unattractive temporary covers in which they arrived from the shop were no more to be regarded as essential parts of the whole than the frames of newly-purchased pictures. In reading a long novel, nobody wants to struggle with untrimmed edges which make it difficult to find the place and turn over the pages. Gentlemen who bought "Tom Jones" at the time would no more have permitted unbound books in their libraries than allowed milk bottles on the breakfast table. But I am old-fashioned in such matters.

When eighteenth century books survive in original condition, it is because the first owners were poor or mean. If they are found undamaged, they have been neglected. Lord Rothschild's "Tom Jones" turned out to be a fake made up from two or more copies.

He sued the dealer and the case was settled out of court, but it was only in 1932 that he learned the full story. The account leaves little doubt who the faker was.

In another chapter the author suggests that, on the whole, rare books have not risen in value as much as is commonly believed. Using a sample of 10 items from his own collection, mostly purchased in the years before the war, he shows that for half, he would have done better in financial terms to have bought shares in Shell and held them continuously, reinvesting the dividends in the same shares. It is of course always gratifying that the pleasure of books can be regarded as investment as well as consumption. If your taste is for drinking fine wines or for ocean

rents were falling, and agricultural land, in the absence of subsidy or protection, was being abandoned to the brambles. New capital issues were few and undersubscribed. Bank rate stood at 2 per cent for most of the decade. Money was fleeing the left-wing Government in France, and although the U.S. was booming under the New Deal, the fiscal deficit was horrifying. With demand for capital in depression, it was hard for the rich to find investment media. If Lord Rothschild had taken professional advice he would probably in the pre-war years have joined the crowds piling into gilts which offered 3 per cent for 20 year money on an issue price of 98.

Daniel G. Siegel of Massachusetts is a different kind of collector. He worries about the local legitimacy of owning literary treasures which ought to belong to the whole world. In 1969 he bought for \$3,000 the typescript of "Nineteen Eightyfour" with extensive annotations in the author's hand. It had been given by Sonia Orwell to a charity sale for Save the Children Fund in 1952 when it fetched £50. As Mr Siegel wisely remarks, it is a good rule of thumb that the present is always expensive.

One of the duties of the Records Department of the Ministry of Truth, it will be recalled, was to destroy superfluous copies of literature. In 1984 hardly any books existed of an earlier date than 1960, and people who owned them faced vapourisation. Winston Smith's secret notebook with its smooth creamy paper in which he kept his illegal diary was of a type which had not been manufactured for 40 years.

Orwell was dying at the time he wrote "Nineteen Eightyfour" but his confident rewriting shows him firmly in control of the story back to the beginning. In 1970, when Philip Astley, a sergeant-major and breaker-in with General Elliott's Light Horse, left the army and started a riding school, Astley's prowess as a trick rider soon persuaded him to abandon instruction for entertainment. He bought a load of scrap timber, built gallery and boxes in

Circus comes to town

BY THEIR COLLECTING shall we know them... It is pleasant to discover that Lord Bernstein, who as long as anyone now living can remember has been the presiding genius of the Granada entertainment empire, has for more than 50 years collected material on great shows and showmen of the past. At 85 he has decided to part with his collection, and it is to be sold in a book sale at Sotheby's on Thursday afternoon.

It is an accumulation of prints, drawings, playbills and ephemera such as could never be assembled; and it is to be hoped that the major part may be gathered up by institutions in this country. The nucleus of the collection originated in the Gardener collection of Londoniana, which was dispersed in 1923, but Lord Bernstein and an intermediate owner, Frederick Martin, have conscientiously continued to add to it.

From the documentary aspect, the most important section is that which deals with Astley's Amphitheatre, the singular establishment on the southern side of Westminster Bridge which brought circus to England and remained for more than a century a national institution. "Dear, dear, what a plea it looked, that Astley's!" wrote Dickens, "with all the paint, gilding and looting-glass, the vague smell of horses suggestive of coming wonders, the curtain that hid such gorgeous mysteries, the clean white sawdust down in the circus..."

Bills and advertisements trace the story back to the beginning, in 1770, when Philip Astley, a sergeant-major and breaker-in with General Elliott's Light Horse, left the army and started a riding school. Astley's prowess as a trick rider soon persuaded him to abandon instruction for entertainment. He bought a load of scrap timber, built gallery and boxes in

COLLECTING JANET MARSH

his circular riding school, and invented the English circus. The founder-members of his company were the expert horsewoman he took as his bride, and a durable star, The Little Learned Military Horse, who had cost him five pounds at Smithfield. "This here animal," he told Mrs Astley, "has eyes, bright, lively, resolute and impudent, that will look at an object with a kind of disdain." London loved the creature's displays of mind-reading and lightning calculation.

Astley's major contribution to the history of entertainment, however, was the hippodrama, spectacular melodramas and pantomimes which combined elaborate scenic effects, gorgeous costumes, glittering armour, music, song, dance and ham and always climaxed with spectacular massed equestrian displays. Early successes were "The Blood Red Knight" and "The Brave Coscok, though Astley's perennial favourites were to be "Mozzapa and The Battle of Waterloo.

Astley was succeeded by his son, John, another great rider, who was the toast of pre-revolutionary Paris where he was called "The English Rose." The establishment entered its period of greatest glory however with the arrival of Andrew Ducrow. Ducrow on horseback was like a god. On stage however his performances were qualified by uncertain aspirates and a tendency to malapropism. Superstising a rehearsal of Homer he gave memorable expression to what has remained the

essential principle of popular entertainment: "Cut the dialect and come to the osses."

Until the 1840s the "dialect" was cut by force majeure, the licensing laws that gave the monopoly of spoken drama to the two oant theatres of Drury Lane and Covent Garden. The "illegitimates" like Astley's were obliged to eschew talk in favour of song and burletta. When hard-pressed by the licensing authorities they would even from time to time bring on banners, rather like the speech-balloons in comics, bearing messages like "I am thine for ever" or "Yield, base Saracen!"

Yet actors there were at Astley's, like hewhiskered Widdcomb who continued to play the Youne Lovell till he was past 60, or Cartlich, whose voice it was said could be heard on the other side of Westminster Bridge, though at that distance it was never certain when he was on stage calling for "geance or behind the scenes calling foz beer.

Astley's, in the way of early theatres, was somewhat regularly destroyed by fire—in 1734, 1803, 1830 and 1841—and as regularly rose up again. In the end it was not fire that doomed it, but the local authorities, who in 1833 declared the building unsafe and forced the last proprietor, the famous circus showman "Lord" George Sanger, to close his doors for the last time. Those doors themselves were lost under layers of paint for nearly ninety years until they were recently found by Colin Sorenson of the London Museum, doing service in an old South Bank warehouse. Rescued and restored to their flamboyant rococo glories, they can now be seen at the Museum, a small but tangible relic of what was in its time "The Greatest Show on Earth.

BRIDGE E. P. C. COTTER

BESIDES PLAYING many sessions of partnership bridge together, Derek Rimmington and I have collaborated in more than one book, so it is natural to suppose that we think on the same lines. We can see the rapprochement in the dummy play of two hands.

Here is the first from a teams-four match:

W 10 9 4 2
S 6 5
A 10 7 6 5
N 8 7 2
E 10 5
K 3 2
10 5

I was South, the dealer at a love score, and I started with one no trump, and my partner raised to three on his not very attractive nine points. West led the six of clubs, dummy's four was played, and I took East's Knave with my Ace. I led the Knave of hearts, and when East's ten fell, my prospects improved. The nine of hearts came next, East won with the Ace, and returned the three of clubs, I false-carded with the eight, and West played the five, allowing dummy's Queen to win. I cashed dummy's two heart winners, on which East discarded the spade eight and the diamond three.

East seemed to have started with a 3-2-2 shape, so I cashed the spade Ace, and the fall of West's ten confirmed my inferential count. I could put East in lead from the diamond King, if he had it — likely from West's duck in clubs — but I could do better, I thought, by throwing West in to effect a slide squeeze on his partner. At trick eight I played my club two, and West cashed three tricks in the suit. The third club put pressure on East that he could not withstand. He bared his diamond King, and it was not difficult to read the position, and make nine tricks.

SPORT

Ben Wright reports on the British Open at St. Andrew's A new breeze from down under

JUST AS Greg Norman had emerged as the likely successor to Jack Nicklaus on the throne of golf, proving that blondes have more fun at the game, another Queenslander has emerged, brunette Ian Baker-Finch, aged 23, to take the Old Course by the scruff of the neck and take an early halfway lead in the 125th Open Championship at St. Andrew's.

But because the weather pattern was almost identical yesterday to that of Thursday, Baker-Finch's score of 10 under par 134 after rounds of 68 and 66 could stand up against all comers. On Thursday three draws to play early had easily the best of the conditions as a breeze off St. Andrews Bay freshened through the afternoon. Yesterday's story was identical as the clouds burned off and the breeze came in with the afternoon.

Baker-Finch and his two closest rivals, the two best players in Europe Nick Faldo (68, 65-137; 7 under par), and Spain's Seve Ballesteros, who has a similar score all played early in the day. There are always some "n names" who figure briefly in major championships before descending into oblivion. But although Baker-Finch is a newcomer it is doubtful whether he will go away, just as Norman, when he won his first tournament in Adelaide seven years ago refused to disappear as was expected of him as a completely unknown at the time.

Baker-Finch is a singularly impressive athlete. Although he is 6 ft 4 inches tall and, therefore, considered to be slightly too large and ungainly, he has impressive control over his swing. Last year he arrived with a bank four years after turning professional when he finished second in the Australian Open and then won his New Zealand counterpart. In his season, he is coming in fourth in the West Australian Open and was beaten in a playoff in the Nedlands Masters, in which he had his lowest ever round of nine under par 63.

Yet actors there were at Astley's, like hewhiskered Widdcomb who continued to play the Youne Lovell till he was past 60, or Cartlich, whose voice it was said could be heard on the other side of Westminster Bridge, though at that distance it was never certain when he was on stage calling for "geance or behind the scenes calling foz beer.

Of all the teams competing in L.A. few will be under such monumental pressure as the team from Down Under. Unfortunately, it is unlikely to do well. It may even do badly—in which case postpone your Australian holiday until well after August, for the sight of full-grown Australians carrying their hair in such a preoccupation at debate on the sports field is ugly and frightening.

Australia's decline as a major sporting nation is not yet complete. It is the holder of the Davis Cup. It still has a cricket team. It does rather well at rugby. And in 12-metre yachting, its wrestling last summer of the Americas Cup from the New York Yacht Club will survive as one of the great moments in sport.

However, its decline as an Olympic power has been abrupt. This says something about Australia, but rather more about how the modern sporting powers, particularly the U.S. and Russia, plus a few others, have broken free from the pack and elevated many of the Olympic sports to a high-tech endeavour.

Australia used to excel at the Games. In Helsinki, in 1952, it won gold medals, in 1956, when the Games were held in Melbourne, 13 gold, in Rome, in 1960, eight gold, eight silver, and six bronze. Australia was still a force to be reckoned with in Munich, in 1972, where it won six gold medals in the pool, plus two yachting gold.

Yet in Montreal in 1976, it won no gold medals while in Moscow four years later, in an event it partially boycotted, Australia won only two gold medals, both in swimming. For the Los Angeles games, Australia's main hopes rest on the slim shoulders of marathon runner Robert de Castella, and on its men's hockey team, whose captain Ric Charlesworth, a member of Parliament from Western Australia, heads a team of rugged stockmen (Australians) that is generally rated the best in the world. Would you argue with an Australian hockey team? Apart from that, there are a few half- and quarter-chances, particularly in the yachting, but that is all.

Can anything explain Australia's demise as an Olympic force? Indeed it can, though there are as many part-theories as there are sports

to go round as there are sports medics and therapists offering solutions. One theory is that diet is to blame—that junk food and Australians' love of beer have sapped the nation's health. There is some evidence for this. Lately another staple, cricket and rock 'n' roll, plus parental prosperity and the video revolution, have debilitated, if not debauched, Australian youth.

Again, there is some evidence, but a visit to one of Sydney's surf beaches, such as Bondi or Curl Curl, on a summer's afternoon swiftly reveals that the legend of the Aussie lifesaver—bravado, sun-burnt, sun-burnt—is ill-informed, and that explains why youngsters, of whatever orientation, are joining the surf clubs in record numbers.

A much more likely explanation of Australia's Olympic demise is that the sporting superpowers simply left Australia behind. In sport, it has an excellent Institute of Sport in Canberra, which boasts world-class facilities, particularly for gymnastics, tennis and swimming, and offers top-level coaching and sports medicine back-up.

However, compare the financial and technological effort that Australia puts into raising sports champions with that of the super powers, and Australia is not at the races. Finally, because of climate and affluence, Australians have an extraordinary range of outdoor pursuits from which to choose. Their beach-side culture, for instance, has spawned a proliferation of non-olympic contests and competitions in, on, or by the sea, such as the Iron Man event, in which super-built, super-fit all-rounders like Grant Kenney, whose wedge-shaped torso, blond hair and tanned athletic look, are the hallmarks of the breed, compete in a gruelling competition comprised of a surf swim, a surf ski and a malibu board section, with a beach sprint in between each.

It is all very Australian, but so specialised that few of the world's best, whatever their stamina, would raise more than a passing glance at an Olympic parade. (As it happens, Kenney is going to Los Angeles to compete in the kayaking, but he is competing at a national level in a sport where Australia is considered the best in the world, whereas in kayaks we are competing internationally in a sport where Australia is not even highly regarded.)

If Australia does well at the Olympics, there will be such an array of self-congratulation Down Under that it will be heard around the globe. If it does badly, there will be a howling in the land and the sun will darken. I really couldn't say which would be worse. Michael Thompson-Noel

CHESS LEONARD BARDEN

PLAYING TO pattern and aiming for setpiece formations in the opening has many advantages for the inexperienced to average chessplayer. A standard move series which is effective against a variety of replies cuts down the time needed for book study, and also helps in middle game planning.

In practice, most weaker players aim for a pattern of surts. The trouble is that such popular sequences as 1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-B4; 4 P-Q3 or 1 P-Q4, P-Q4; 2 P-QB4, P-K3; 3 N-QB3, N-KB3; 4 B-N5, QN-Q2 are stereotyped and can easily lead to arid, near-symmetrical positions. They are also limited in their application. The 1 P-K4, P-K4 beginner is often thrown by the Sicilian Defence 1 P-K4, P-QB4 while the 1 P-Q4 man soon loses the initiative against aggressive counters like the Benoni 1... N-KB3; 2 P-QB4, P-B4.

One of the best practical pieces is the King's Indian attack, a favourite of Bobby Fischer in his heyday. The basic idea for White is the sequence P-K4, N-KB3, P-Q3, QN-Q2, P-KN3, B-N2 and O-O. Its advantage is that it can

often be reached via at least three major openings — the Sicilian 1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q3, the French 1 P-K4, P-K3; 2 P-Q3, and the all-purpose 1 N-KB3.

The basic formation established, White aims to advance the king's pawn to K5 and drive a wedge in the black position. The QN is then manoeuvred to the king's side via Q2, KB1, and KR2 or K3, while the K5 pawn is supported by R-K1, B-KB4, or less often by P-QB3 and P-Q4.

Later White can proceed to direct attack. He advances his rook pawn to KR4 (sometimes to KR5 and KR6), often brings his QN from KR2 or K3 to KR4, and frequently exchanges the dark-squared bishops by B-KN3. The final stage consists of direct mate threats on the weakened dark squares or along the KR file.

Very many games have followed this strategy with minor deviations, and an index of the attack's value is that it can still succeed in 1984 nearly 20 years since Fischer's well-publicised prototypes. White: Romasasser. Black: Seepers. King's Indian Attack (West German League 1984). 1 P-K4, P-K3; 2 P-Q3, P-Q4; 3 N-Q2, P-QN3; 4 KV-B3, N-KB3; 5 P-KN3, B-N2; 6 B-N2, B-K2; 7 O-O, O-O. A interesting counter is for

Black to castle QR, then attack by P-KN4 and P-KR4. 8 R-K1, P-B4; 9 P-K5, QN-Q2; 10 N-B1, N-QB3; 11 P-KR4, R-B1; 12 (N1), R2, P-Q4; 13 B-B4, N-N3; 14 N-N4, P-Q3; 15 N-N4, N-Q4; 16 B-Q2, Q-Q2; 17 B-K4!

White has hardly needed to think until now. Everything has followed the schematic layout, aided by Black's dubious QN-Q2 knight manoeuvre and the black rook development at Q81 rather than the more active square QN1. White's latest move shows he realises the strength of his position and already seeks the fastest way to win. It now 17... P-KR3; 18 N-R7 followed by a bishop offer at KR6, while if 17... P-KN3; 18 P-R5 with K-N2 and R-R1 when the rook file attack soon decides. 17... BxN; 18 PxB, N(3)-K2; 19 N-B5 ch!

This standard sacrifice justifies the knight's long journey from QN1. 19... PxN; 20 N-PxP, N-KN3; 21 O-R5, K-R1; 22 K-N2, R-KN1? 23 QxP ch, Resigns.

The real point about this game is that you don't have to be a master to win by similar means: compare the nervous family resemblance in another example nine years ago. White: Hulak. Black: Nonnenmacher. KI Attack (Yugoslavia v West Germany 1975). 1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q3, P-Q4; 4 QN-Q2, P-K3; 5 P-KN3, B-K2; 6 B-N2,

0-0; 7 O-O, N-B3; 8 R-K1, R-N1; 9 P-K5, N-K1; 10 N-B1, P-QN4; 11 P-KR4, P-QR4; 12 P-B3, P-N5; 13 N(1)-R2, B-Q2; 14 P-B4!

Perhaps the only move where White really needs to think; he stops any counter by N-B2-N4 and P-QR6. 14... P-R3; 15 B-B4, R-R1; 16 N-N5, N-B2; 17 Q-R5, P-R3; 18 N-N4. Threatens a KR6 sacrifice, so forces the reply. 18... PxN; 19 PxP, R-B1; 20 N-B6 ch, PxN; 21 B-K4! Resigns. For if PxR; 22 K-N2 and R-R1 wins.

PROBLEM No. 525 BLACK (11 men)



White has in two moves, against any defence (by V. Cheplyny), a handful of pieces makes this a stiff test for solvers, and on an earlier publication many failed to spot the well-hidden key. The obvious check 1 P-B4 ch, K-Q8; 2 N-R4 ch fails to... P-N3. Solution Page 14

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THE U.S. DEMOCRATIC PARTY CONVENTION

The incalculable Ferraro factor

By Reginald Dale, U.S. Editor in San Francisco

The question of confidence

THE City's response to peace in the docks has been decidedly subdued: and considering how far prices fell—how far interest rates rose—during the strike, this must be pretty disappointing to ministers. It should not be too surprising, though; they must by now be aware that their deliberately cautious approach to the central issue, the miners' strike, is not an easy one to put over either to the voting or to the investing public. The Government still clearly hopes that if Mr Scargill is given enough rope, he will contrive to hang himself. Meanwhile, however, the public sees intimidation only gently checked, apparent concessions by the coal board, and no sign of peace.

This is equally disturbing to the supposed moderate majority who are thought to prefer peace regardless of fudge (there is remarkably little evidence that any majority does think like this), and those supporters of Mrs Thatcher who saw in her the best hope of confronting and defeating union blackmail. Hence the sharp fall in Tory support in the opinion polls and in the City. The fact that the dockers have probably succeeded in consolidating a scheme of employment which has always been an outrageous legislative bribe—paying dockers to do nothing—makes even less sense than paying miners to dig coal at a loss—looks like fudge, not victory. Indeed, the comments of dockers' leaders suggest that this may well have been a preemptive strike, designed to warn off any ministers who might be thinking of tampering with the dock labour scheme. The retreat at Dover partly undermined this demonstration; but since it was itself a response to intimidation from drivers who wanted to keep working, the settlement can hardly be seen as a victory for law and commonsense.

U.S. growth

The City, then, does not see much to celebrate; but it would probably be in a subdued mood at the moment even if neither strike had ever started. The cause, as throughout the year, is to be sought in the U.S. growth still being pointed to at a rate well beyond what any forecaster regarded as remotely probable, let alone sustainable. Meanwhile, U.S. industry raises its output targets and investment spending, and the U.S. Treasury seeks new ways of tempting funds from abroad to finance this continuing boom. To New York Dr Henry Kissinger, the perennial pessimist, sees interest rates rising ever higher. This would indeed be probable if U.S. credit demand had to be met from internal sources. Foreign markets, which natur-

ally have a less insular view, see rather that U.S. demand is likely to suck liquidity out of their own markets, depressing prices and holding up interest rates, for the foreseeable future.

People whose thinking is still locked into our own historic obsession with the balance of payments regard the American situation as some sort of breach in the laws of nature. Surely, they argue, it is impossible for a country to run a deficit of \$100bn—a hundred thousand million dollars—year after year. Yet the exchange markets say daily that there is an international shortage of dollars.

One probable reason is that the U.S. deficit is not as big as the official figures suggest. There is a residual error in world balance of payments statistics as big as the U.S. deficit itself. For some undetected reason, the figures understated the trade deficits of the world. It is only natural to suppose that part of that overstatement applies to the U.S. deficit. But America certainly is to defend, and certainly is attracting foreign capital. What the exchange rate tells us is that the actual deficit, whatever it may be, is not supplying enough dollars to meet world investment demand, both to buy U.S. securities and to repay debt to U.S. banks.

Indefinite

So far as the markets are concerned then, the present situation can persist indefinitely, and for two strong reasons. The U.S. is still the world's strongest and most technically advanced economy, an excellent home for funds; and U.S. borrowers can always outbid those in other countries for the available supply of credit, because they have bigger tax privileges as borrowers.

The countries which supply the funds to protect their domestic borrowers with taxes designed to make foreign investment less attractive, as the Americans themselves used to do. But partly because they fear that this would simply push credit markets offshore—as it did when the Eurodollar market was created—and partly because they are inclined to trust markets, neither the Germans nor the Japanese are at all inclined to interfere.

The dollar's reign is likely to last quite a long longer—until American borrowers begin to feel over-exposed, or until, improbably, Mr Walter Mondale achieves his ambitions. Just how long in San Francisco, an apt place to proclaim forlorn hopes. San Francisco was once one of the world's great ports. It was killed by its militant dockers.

THE HITHERTO disorientated U.S. Democratic Party has this week—almost to its own surprise—discovered a new political megastar in California. But it is still not clear whether she will be able to outshine the seasoned old Hollywood campaigner, President Ronald Reagan, who will be defending a heavily fortified White House, with his unquestioned disarming charm, in November's U.S. elections.

The 48-year-old vice-presidential nominee, Ms Geraldine Ferraro, captivated the Democrats' emotional national convention that ended here on Thursday night—to the extent that she clearly risked overshadowing former Vice-President Walter Mondale, the official Democratic challenger.

Ms Ferraro, who was nominated by acclamation amid scenes of wild enthusiasm unusual even for a U.S. political convention, gave a tough, crisp performance that went even beyond the expectations of many of her devoted supporters. Mr Tip O'Neill, the Democrats' elder statesman and Speaker of the House of Representatives, called her "the perfect candidate."

Everyone is agreed that Ms Ferraro's impact throws this year's presidential race into the sort of uncertainty that had hardly been envisaged until only two weeks or so ago when it finally looked likely that Mr

hand bars, the former prosecutor told the convention in the sort of straightforward political sentiment that has for the last three years been almost the exclusive trade mark of Mr Reagan.

She is clearly capable, unlike many Democrats, of carrying the fight to Mr Reagan's own ground of simple patriotism, loyalty to the flag and the American dream. The White House has not yet quite worked out how to respond.

It is clear, however, that it will try to attack Ms Ferraro's relative inexperience and sometimes raw political judgment—rather than overtly challenging her for being a woman—as both sides battle openly for the votes of the American middle classes.

With officially registered Democrats outnumbering Republicans, it is this ground that Mr Reagan will have to hold if he is to repeat his winning performance of 1980. If he has so far seemed to be a long way ahead in the opinion polls, that has largely been due, in the view of most political experts, to Mr Mondale's weaknesses as much as his own strengths.

With the Democratic leadership looking indecisive, and even self-doubting, an even greater burden will fall on Ms Ferraro's shoulders. Amid yesterday's post-convention euphoria here, she was widely credited with having "reached out" to groups ranging from blacks and Hispanics to conservative southerners and liberal easterners. The fact remains, however, that many southerners and westerners—particularly Californians—are suspicious of her New York, blue collar credentials, which are not that different from Mr Mondale's.

The Mondale-Ferraro ticket, while balanced by her gender, does not leave in San Francisco. After five days of flag waving, razzamatazz and over-killing media indulgence, one of the few things clear was that Mr Mondale had finally left Mr Hart behind—to his own intense relief.

Until the Ferraro factor emerged, however, the convention had not prompted much confidence that Mr Mondale's Democrats are a winning team. Mr Mondale's nomination as the official presidential challenger came with as much reservation as enthusiasm, and many delegates, including some of Mr Mondale's own, already had their eyes focused on the next presidential contest in 1988.

There have been moments of genuine excitement here. Apart from Ms Ferraro, two other people captivated the conven-



At the convention: Jesse Jackson, Walter Mondale, Geraldine Ferraro and Gary Hart

tion—the Rev Jesse Jackson and Governor Mario Cuomo, like Ms Ferraro, an Italian American from New York. But the main point was that the three of them were being given star billing as potential candidates for 1988, not this November.

It is not inconceivable that Mr Mondale could defeat Mr Reagan in November—particularly if something goes seriously wrong with the U.S. economy, the banking system or the world in general—but the odds for the moment must be heavily against it. In spite of winning the official presidential nomination in a comparatively subdued but well-

organised roll call vote on Wednesday night, Mr Mondale has not succeeded in shaking his loser's image.

In many ways, that is unfair. Mr Mondale has strong political instincts, both humanitarian and political, that should appeal to many people who say that they are fed up with what the Democrats call Mr Reagan's "greedy America."

Mr Mondale honestly believes in most of the issues he supports with a feeling that often seems to come from the stomach rather than the head—while Mr Hart's positions are infinitely more calculated. The received idea among convention watchers this week has been that Mr Mondale represents the heart, Mr Hart the mind of today's U.S. Democratic Party.

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Strong disagreement over the consequence in terms of votes

Mondale, noted for his caution, would take the history-making step of choosing a female running mate.

There is strong disagreement, however, over what the consequences are likely to be in terms of votes in November. Some opinion polls in the last few days suggest that Ms Ferraro is more likely to hurt than help the Democrats' chances. Many political analysts, however, argue that all traditional assumptions must be suspended while the nation observes and judges how she performs over the next 34 months.

What emerged clearly on Thursday night was that Ms Ferraro, though officially a "liberal" like Mr Mondale, can also take a strong line on issues of patriotism and law and order that will appeal to many ordinary voters outside her base in the working class Queens district of New York City. She is also coming over as reassuring to many white males who initially felt threatened by her.

Criminals should be put be-

Brother against brother

From the Group Managing Director, Steeley

Sir,—Professor Myddelton's letter (July 18) prompts me to put, what is to me, an even more disturbing aspect of the National Union of Mineworkers' unreasonable demand to protect its jobs at everyone else's expense.

What concerns me is that operating uneconomic pits means high priced coal which means high priced electricity too because most of our electricity is generated from coal. High priced energy makes it impossible for energy-intensive industries to compete with overseas competitors. In consequence they are forced to reduce production and make some of their employees redundant. So miners are kept in jobs at the expense of other industries—and what is the logic of that?

Perhaps it is no wonder that other unions are not finding it easy to support the NUM especially as it has not even been able to get all their own members out in support of what must be the most unnecessary and selfish strike since the war. A. L. Beard, F.O. Box 6, Guseford Hill, Workop, Notts.

Traffic to the Continent

From the Chief Executive, Euro Route.

Sir,—The dock strike highlights against the opportunity for a small group of workers to frustrate our trade with Europe, our major export market. Coming at the holiday time, the potential for disruption of traffic to the Continent is serious. It must be recognised that over 20m people and around 14m tonnes of freight on lorries now cross the sea between Britain and the Continent.

growth in this traffic in the last decade. To safeguard exports and leisure travel, the time is right for a fixed link to be built which allows goods and passenger vehicles to drive freely to the Continent. The Government needs urgently to decide the form of link which is appropriate and to agree with the French how such a link could be achieved. It would be commercially profitable and would generate 50,000 jobs in Bristol at a time when resources are available. K. W. Groves, 3rd Floor, NLA Tower, 12, Addiscombe Road, Croydon

The value of a company car

From the Director, Society of Motor Manufacturers and Traders

Sir,—Mr Dixon's comments on the value of a company car (Jobs Column, July 12) lack any analysis of the conclusions of the study to which he refers. It seems that Mr Dixon finds the study supportive of his own declared personal dislike for motor cars.

The conclusions drawn by Incomes Data Services, as reported in your column, appear to ignore basic facts that reduce the superficially perceived value of a company car. These include the following:

The vast majority of company cars (there are some 700,000 registered each year) are required as tools of trade by employees even when they may be managing directors. Private benefit is incidental to the main purpose of the company car which is to give flexibility of movement to salesman, service engineers, managers and administrators in a highly complex industrial/commercial world.

Those with access to a company car usually have to run a private car for household purposes as the company car is required during the working for company business. Thus in the large majority of cases the access to the company car does not reduce the employee's out-

growth in this traffic in the last decade. To safeguard exports and leisure travel, the time is right for a fixed link to be built which allows goods and passenger vehicles to drive freely to the Continent. The Government needs urgently to decide the form of link which is appropriate and to agree with the French how such a link could be achieved. It would be commercially profitable and would generate 50,000 jobs in Bristol at a time when resources are available. K. W. Groves, 3rd Floor, NLA Tower, 12, Addiscombe Road, Croydon

Letters to the Editor

The size and type of a company car is usually dictated by business considerations rather than by the requirements of the individual. A fair-minded reader of the table produced in Mr Dixon's article could, I think, expect an employee to demand the option of equivalent pay to that shown rather than a company car. He would thus benefit from running his private car on company business and receiving a mileage allowance as well as higher pay.

Or, looking at it another way, would an employer take a cut in salary of the size suggested in exchange for a company car? I very much doubt it. I would have expected a journal of your quality and reputation for analysis and thoughtful judgment to have been more careful about publishing figures that seem from the context of the article to pay insufficient regard to reality. 28 daily et sh cm vb xzfd Anthony Fraser, Forbes House, Holkirk Street, S.W.1.

The incubus of working

From Dr J. Williams

Sir,—What an interesting and thought-provoking article by Eleanor Wallis that was in your paper on July 18 about "Why working mothers' make good managers." They do. And she makes many excellent points. Am I wrong, however, if I get an underlying feeling of misanthropy from the piece?

She said that the executive working mother has the advantages of her high socio-economic status, and can afford child minders. Surely, though, the

senior managers. It was, therefore, regrettable that you failed to inform your readers that the term "hobbled giant" was taken directly from the title of my book so that they could make up their own minds on what I had to say on these matters. Stanley Pease, 6, Little Acreage, Old Marston, Oxford.

Manifesto promises

From Mr D. Lindsay

Sir,—Perhaps part of the Government's difficulty in keeping to its manifesto promises (F. Stark's letter, July 17) — for example, we still await proposals for improving the tax treatment of married women, whether or not they go out to work — is its tendency to get lured off course by siren voices whose ideas, although not even hinted at in the manifesto and highly contentious, are now taking up a wholly disproportionate amount of Government time and energy?

Is it too much to ask that, during the long Parliamentary recess and on their summer holidays, Ministers re-read their party's manifesto, noting both the things which they have not done which ought to be done, and the things they were contemplating doing but which ought not to be done? D. G. Lindsay, 36, Orchard Coombe, Whitechurch Hill, Reading

Economic problems

From Mr G. Field

Sir,—Articles in the world Press in recent weeks suggest that many of the economic problems experienced in a number of countries are due to the high level of interest rates prevalent in the United States, and that

should work while the children are small? If we choose to have children, this, for us, would be the only "ruthless sense of priority." The young child may not need "to" mother constantly, but he or she does need a parent most of the time.

The incubus of working is seldom a choice for men in our male-orientated society. I envy Eleanor Wallis's being able to choose it. (Dr) Jonathan Williams, 43 Dyke Road Avenue, Hove, Sussex.

The hobbled giant

From Mr S. Pease

Jeff in 1110

fact

THE New Statesman has a leading article this week headed "Maggie's latest banana skin" or words to that effect.

It is a mark of how long the saga has gone on that one had to think quite hard what it could possibly be.

To give an initial illustration: the miners strike looks rather less worrying today than it did at this time last week.

It has been a "down" week for the Labour Party, too, as it has been a "down" summer, despite the Marlow poll in yesterday's Guardian suggesting that the Party has a 41 point lead over the Tories if there were to be a general election tomorrow, which incidentally they will not.

It has been a "down" summer because while Labour has been occasionally capable of embarrassing the Government—though some people would say the Government simply embarrasses itself—it has never looked remotely capable of replacing it.

The Parliamentary Labour Party has not even put down a vote of no confidence in HM Government in the House of Commons. Indeed, such a vote would attract much more respect and interest if it were tabled by Dr David Owen of the Social Democrats.

Some Tories might then have to think about abstaining, even though they would not do so.

Dr Owen remains one of France, where most of the serious politics have been happening this week. If we had the French system of politics in Britain, there would be no doubt about it. Mrs Thatcher would be President and would appoint Dr Owen Prime Minister in the next reshuffle.

It would be an acknowledgment that the President can be slightly above party politics and an appreciation of the fact that younger people are coming on who have recognised



President Mitterrand and Mrs Thatcher

POLITICS TODAY

If Mrs Thatcher were President...

By Malcolm Rutherford

how much the political ground has changed in the last few years. It might also serve to encourage less outries. However, the option is not easily available.

Still, there are probably more similarities between French and British politics than generally meet the eye—the social and economic conditions in the two countries are not all that much different.

The French Communist Party is broadly the equivalent of the far left of the Labour Party. It is a separate party partly because of history and partly because of the French electoral system.

But the big British parties are coalitions, too, and the Alliance avowedly so. The only real difference is that in Britain the far left chose to stay in the Labour Party because it was the only hope of gaining political power.

In France, socialists and communists coalesced for the same reason. The electoral system dictated it.

The Communists have now gone from the Government. One would guess, though it is not entirely clear, that President Mitterrand would have preferred to keep them in for a while longer. If only because they might cause more trouble from outside, on the streets, for example.

But there is a wider point. President Mitterrand has been trying to develop a Socialist Party that is, to borrow a phrase, the natural party of

government. He needed the far left for a time in order for the moderate left to come out on top.

Perhaps it was social democracy rather than socialism that he was aiming at. Anyway, Hugh Gaiskell would have understood what he was up to. So, no doubt, do Lord Wilson, Mr James Callaghan and Herr Helmut Schmidt. All of them recognised that you had to work with the left and have some sympathy with it, but to run a successful government and to stand a chance of being re-elected you had to be closer to the centre.

There was another way in which French policy changed shortly after President Mitterrand came to power. At the start, he stuck to the common programme with the Communists, including the nationalisation of major French companies, perhaps because, like Harold Wilson in February 1974, he had not expected to win.

Then he changed. French economic policy now is rather like British economic policy when Mr Denis Healey was Chancellor of the Exchequer in the late 1970s, except that the French, being French, kept out the International Monetary Fund. M Jacques Delors became a perfectly orthodox Finance Minister—with M Mitterrand's support.

There is a further internal parallel in French politics. The French withdraw from the military organisation of Nato under General de Gaulle. They have since become one of the stalwarts of western European defence. It's just that they don't much like the full international label.

Yet even the French are changing. Possibly the most intriguing political news of the week was not the appointment of M Laurent Fabius as the new Prime Minister at the age of 31—youthful even that Dr Owen. It was the naming of M Delors as the president of the European Commission.

M Delors is a big figure, and one does not appear to have fallen out of favour with President Mitterrand. His appointment will not change the face of Europe, but it should certainly change the face of the Commission. Not once Mr Roy Jenkins took over eight years ago has there been a president of comparable political stature, and it is arguable that Mr Jenkins was already on the way down in terms of reputation because he had been quarrelling with his party. M Delors has not done that. He is a man whose standing is high.

Two conclusions flow from that. One is that the French are taking the Community very seriously. It may even be the settlement of the British budgetary dispute and the apparent general reconciliation between London, Paris and Bonn has been far and away the most important development in European politics this year.

It is necessary to build on it. The other is that if France can appoint someone of M Delors' stature to the Commission, there ought to be some rapid rethinking about the rest of the nominations in other capitals. It would be rather good, for instance, if Italy were to put up Sir Emilio Colombo for foreign affairs.

And there is a thought at home. Mr Cecil Parkinson, who withdrew from Mrs Thatcher's Cabinet shortly after the general election, still has not quite decided about his future. It is more likely to be in industry than a return to high political office. But he has always been very interested in trade policy. He would make an excellent member of a newly active Brussels Commission. A Commission composed of people like that would have a completely new authority.

Back, however, to domestic politics. Of course, the Government is in trouble and of course, in the short term at least, there is something wrong with its style and presentation. There is an air of school swats sitting in the Policy Unit in No. 10 Downing Street and ticking off the number of things that have to be done, like the reform of rural schools, and not putting it all together.

Yet it would be wrong to think that the Government is as foolish or even as accident-prone as it sometimes looks. It would be the height of naivety to assume that there is a major test going on. It is the miners' strike.

Mrs Thatcher has probably made some mistakes, for instance, by trying to keep up the pretence that she is not intervening. The Government is intervening all the time, as it is bound to do in an industry which is subsidised by the taxpayer.

It is also sometimes touch and go on the picket lines. If Mr Scargill could organise a few more forces so that there was a pitched battle with the police, nobody knows what might happen. Yet, equally, hardly anyone is more aware of that than the Home Office—and perhaps Mr Scargill. There is no doubt that there is a potential crisis.

The interesting fact is that it is not only the longest miners' strike, but also the least effective in terms of what it is doing to the economy.

It is worth considering the possibility that the Government, for all its troubles, is being very wise by trying to sit it out: not panicking, not issuing dramatic appeals on television and, still less, talking about who governs Britain. At the end of the day there will have to be some discussion of the definitions of success and failure—how many pits to be closed and so on—but the Government may win.

It is necessary to build on it. The other is that if France can appoint someone of M Delors' stature to the Commission, there ought to be some rapid rethinking about the rest of the nominations in other capitals. It would be rather good, for instance, if Italy were to put up Sir Emilio Colombo for foreign affairs.

And there is a thought at home. Mr Cecil Parkinson, who withdrew from Mrs Thatcher's Cabinet shortly after the general election, still has not quite decided about his future. It is more likely to be in industry than a return to high political office. But he has always been very interested in trade policy. He would make an excellent member of a newly active Brussels Commission.

A Commission composed of people like that would have a completely new authority. Back, however, to domestic politics. Of course, the Government is in trouble and of course, in the short term at least, there is something wrong with its style and presentation.

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Petrol Retailing

The lottery war on the garage forecourts

By Dominic Lawson

ON MONDAY Shell is to launch the latest in a series of forecourt games that the oil industry has been showering at the motorist over the last six months. In a business where sheep-like adherence to fashion is the norm, petrol retailers have decided that nothing gains market share like a lottery.

But as the newspaper bingo magnets have already realised, once the public is hooked on a gamble, it needs ever-larger doses of the drug. So Shell, in this latest game, Mastermind, based on the image of the BEC TV programme, is offering well over 3m prizes, at a rate of over 40,000 a day.

It would, however, be unfair to cast Shell—which is racing neck and neck with Esso for leadership of the UK petrol market—in the role of slavish follower of fashion. In fact, Shell started the whole escapade, back in February, with its "Make Money with Shell" campaign. This gave customers at its 2,800 retail outlets envelopes with halved imitation banknotes. If matched up successfully, prizes of up to £10,000 could be won.

There was an immediate impact on sales. Turnover gains of at least 20 per cent became the norm at Shell petrol stations, and in an industry where sales volume is virtually static, that was exciting for some of its major competitors.

At a press conference shortly after Shell's game was launched Sir Peter Walters, BP's chairman, denounced what he termed "silly games". But within a week BP's retailers were forced to match the competition. The game, called "Money Match" was extraordinarily similar to Shell's effort, but offered a top prize of £20,000, double Shell's.

Motorists with long memories will remember that in the innocent pre-oil shock days of 1966, Shell launched the original "Make Money" competition, which gained it a temporary sales increase of about 80 per cent. That was against the background of a growing market however, and for some reason Shell's competitors did not follow with games of their own. Instead their less effective promotions involved the giving away of such objects as imitation coins and cheap French glasses.

There is, however, an important difference between the present generation of forecourt lotteries and their predecessors. Because of a change in gaming laws, it has become illegal for oil companies to demand "proof of purchase" from would-be game players, since companies may not use gambling to get people to buy their products.

However, few people have exploited this loophole. It seems that many motorists still believe that taking part in the lottery is conditional upon purchase of petrol. And those who do seek to participate without buying petrol may find the experience trying. Says one oil company executive: "Petrol station

beginning of June, Mobil joined in with a game based on Scrabble. Competitors had to form certain key words with letters given away by the U.S. company. Best of all was the word Mobil, with a red "c." That won \$50,000.

The games boom has given amateur forgers a great opportunity to practice their art. A Mobil executive says: "Our legal department has been working flat out to detect a spate of attempted forgeries. We have had people painting black letters 'o' red, and other competitors chipping off the bottoms of letters in an attempt to form a key word." One customer formed the word "Audi" which would have won him the eponymous car. Unfortunately, in his rush to claim his prize he lost the "d" letter. According to Mobil, he was on the phone to us for about 20 minutes, weeping uncontrollably.

Perhaps the biggest beneficiary of Mobil's game has been J. W. Spear, the manufacturer of Scrabble. There has been an unprecedented summer-time boom in sales of the game.

A key aim of the forecourt games is to encourage brand loyalty. But here the oil companies' hopes have been dashed. Once the games end, the blip in sales volume disappears.

And, in an industry which is currently at best only marginally profitable, the sales rise caused by a game has to be very large to result in sufficient bottom line income gains to offset the £2m plus cost of a lottery.

A further danger, noted by BP, is that the smaller independents, unable to compete with national games, will be even more aggressive on prices. As with the Green Shield stamps era, there is a risk that the games may have their own relentless inflationary cycle.

According to Shell UK Oil's sales manager John Smedley, "we could mount a game which would be so dramatic that we would be gaining a massive increase in sales. But this would be very disruptive to the industry, and so we won't do it." And what is the game, dreamt up by the marketing men at Shell Centre? It's the not say, says Mr Smedley. "Someone might do

dealers are not all sophisticated, sensitive souls and they may not be altogether friendly to the man who just walks in and asks for free game vouchers."

After Shell and BP, Esso and Texaco found themselves hastily forced into devising games. Esso's "Hunt the Tiger" and Texaco's "Lucky Stars" offered top prizes of £23,000. The Esso game involves the matching of symbols in fruit machine style. Texaco's game enabled competitors to win in one visit, rather than having to match up the contents of different envelopes. Thus the U.S. oil company was able to brag, to the irritation of its rivals, "At Texaco, we don't do things by halves."

With Shell, BP and Esso and Texaco involved, no fewer than two thirds of the petrol market were playing games. At the



"If you get a matching half, we give you free air and water for life."

Weekend Brief

Why the women are fighting

"DIG DEEP for the miners" says a badge doing the rounds as trade unionists pass the hat. Nothing unusual about such collections, except that this time many of the collectors are women. From the start of the strike, their local support groups have been a new and possibly significant factor in this dispute.

In Barnsley, for instance, about 300 women have set up a kitchen, and hold regular welfare rights sessions. They have organised demonstrations and gone picketing. The pattern has been repeated spontaneously throughout the country. Mrs Betty Heathfield, wife of NUM General Secretary Peter Heathfield, now reckons that "wherever there's a pit, there's a women's support group."

It's not so long since wives at BL's plant at Cowley, Oxford, were widely held to be alien majorities with their backs to work managers for the men. The NUM couldn't have been counting on miner's wives as allies. So why are women on the offensive this time?

The obvious answer is that they feel they have nothing to lose. Pit closures would kill off their communities. They've seen what happens to steelworkers. Less obviously, their



perception of their situation seems to have been shaped by their experience of work.

The composition of the British workforce has altered dramatically in the last two decades. In 1960, 98.1 per cent of men aged 15 in 64 participated in the labour force, compared to 46.1 per cent of women. By 1980, the male share had fallen to 89.3 per cent, and the female risen to 57.6 per cent. Most women now work or look for a job at some stage of their adult lives.

Many join unions. Between 1964 and 1980, male union membership increased by 14.3 per cent. Female membership showed a 71.5 per cent rise over the same period. Women are changing as a result of working, and miners' wives are no exception.

The number of women in the workforce seems connected with such developments, though in many respects women's influence does not match their numerical strength. Most women are still stuck in all-female, low-pay jobs. Their earnings are still only about

three-quarters of men's. And despite the huge increase in female union membership, high union offices are still overwhelmingly dominated by men, even in unions with a high proportion of women members.

Moreover the NUM, unlike its counterparts in the U.S. and elsewhere, is still an all-male union. And it shows. Flying Scots pickets have, it seems, spent their coach journeys watching porn videos, and "Get your t...s out for the boys" was apparently a popular chant in Mansfield. Feminists haven't forgotten that Arthur Scargill was aggressively defending Page 3-style pin-ups in the Yorkshire Miner not very long ago.

But now the miners' president, whose wife Ann was arrested on a Nottinghamshire picket line, is publicly endorsing the women's high-profile defence of the pits as "so powerful, they the media can't ignore any longer." Mrs Heathfield reports "an enormous response" from all kinds of women's organisations.

And trade unionists have recognised the significance of women's contribution to the tone of this dispute, as their practical response reveals. For instance, Ford Islewood's weekly collection is spent on a shopping list that includes tampons and baby food.

Whatever the outcome of the strike, the role that women are playing looks likely to mark attitudes in mining communities for good. "We don't want to disband," says Mrs Heathfield. They are thinking in terms of a permanent national organisation. The NUM is discovering that it's easier to "fight like a man" when the women are fighting on your side.

Sponsorship and the Tournament

WHAT, you may ask, is the Royal Navy doing with Matchbox toys, or why are police dogs chasing Lawson champagne bottles and what can The Master Butcher be up to with the Royal Horse Artillery?

The answer is, making spectacles of themselves. Not just once but 30 times altogether, in front of an estimated live audience of 300,000 and a further 65m on television. Sponsorship is the television. Sponsorship is the television. Sponsorship is the television. Sponsorship is the television.

More than 20 major companies have queued up for the privilege of banding their names around the Earle Court arena in the Tournament's most sponsored year yet. Names like National Westminster Bank, Everset Double Glazing, Johnny Walker, British Home Stores, Wilkinson Sword and McDonalds will pay anything from £10,000 upwards to back an event, though you can get away with £1,000 for a single event in a single performance. Sponsors are contributing some £200,000 this year to the overall £1m bill for mounting the extravaganza.

It suits everyone. "It is of great value to us," says director Colonel Iain Ferguson. "It enables us to keep ticket prices down (they range from £1.50 to £8.50) otherwise we would be in danger of losing much of our ex-service audience which could not normally afford London ticket prices. It also helps towards to service charities of some £55,000."

Besides banners in the arena, sponsors get a page of the programme, credit in the commentary and on the electronic message-board during the event itself, a stand in the surrounding exhibition hall, and, if they're lucky, television coverage.

The links between sponsor and sponsored may sound tenuous but in the marketing man's mind are far from random. British, for instance, which backs the Royal Navy Field Gun Competition lists a number of reasons why: it fits in with the health, fitness and perfection image of the soft drink; it reaches the right target "family" audience; it links its brand to a prestigious, "heritage" event and it is useful for trade entertaining.

And then there's The Spoor. Robert A. Heinlein took an unusual look at Armageddon with The Door Into Summer, in which a nuclear war was not only survivable but winnable, by means of U.S. soldiers deep-frozen and stored in Greenland bunkers. A far better piece of writing is Walter Miller's A Canticle for Leibowitz, in which the human race blows itself up.

Even the weather can be pressed into service by a craftsman who knows what he is doing, a description which without doubt covers J. G. Ballard's floods are the enemy in Preserved World, water shortage in The Drought and terminal gales in The Wind from Norbert in Brian Aldiss' short story, Last Orders; there is a heavy fall of moon, in John Christopher's A Wrinkle in the Sky; there are hints to variable earthquakes.

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BUILDING SOCIETY RATES

	Share price	Sub'n shares	%	%	
Abbey National	6.25	7.25	7.25	7.25	Seven-day account 7.75 Higher interest acc. 90 days' notice or charge 5.00-6.50 Cheque-save
Aid to Thrift	7.50	—	—	—	Easy withdrawal, no penalty
Alliaoe	6.25	7.25	7.25	7.25	Monthly income—1 mth's notice, 7.50 £2,500+ 7.80 23 d. not. im. wtd. 25 d. pen. if bal. und. £10,000 7.25 7 days' notice. No interest penalty
Anglia	6.25	7.25	7.25	7.25	3-year bond. No notice. 3 months' penalty 7.75 Capital share. No notice. 1 month's penalty 7.25 7 days' notice. No interest penalty
Barnsley	6.25	8.00	7.90	7.90	2-year term—3 months' notice no penalty
Birmingham and Bridgwater	6.25	7.75	7.25	7.25	5 days' notice or 20 days' int. penalty £500 min. 7.75 Guaranteed fixed rate. 12 months £500 min.
Bradford and Bingley	7.75	8.75	8.00	8.00	Premium Access. On demand, no penalty 8.08 High yield SAYE 7-year lump sum scheme
Britannia	6.25	7.25	7.25	7.25	7 days' notice. 1.50 25 days' notice
Cardiff	7.25	7.75	7.50	7.50	Share account balance £10,000 and over
Catholic	6.50	7.50	8.00	8.00	Jubilee bond. Min £1,000. Monthly income
Century (Edinburgh)	7.35	—	8.10	8.10	per annum. 7.85 variable. 2/3 years
Cheise	6.25	7.25	8.10	8.10	2 years. Immediate withdrawal interest penalty
Cheltenham and Gloucester	6.25	7.25	7.50	7.50	Gold account £1,000+. No notice. No penalties Monthly int. £5,000+ 7.75 if added to account
Citizens Regency	6.50	8.00	7.40	7.40	Plus account no penalty. Double coupon 7.50
City of London (The)	6.50	7.25	8.00	8.00	6 months' notice—no penalty during notice
Derbyshire	6.25	7.50	8.00	8.00	1 month's notice. 6.75-7.60 3 months' notice
Gateway	6.25	7.25	7.25	7.25	£1,000+ / 7.50 £10,000+ Gold Star
Greenwich	6.25	7.50	7.25	7.25	7.50 subject to balance/7 days' notice
Guardian	6.50	—	8.15	8.15	6 months, 7.75 3 months, £1,000 minimum
Halifax	6.25	7.25	7.25	7.25	7-day Xtra. 7 days' notice, no penalty 7.50 28-day Xtra. 28 days' notice, no penalty 7.75 90-day Xtra. 90 days' notice, no penalty
Heart of England	6.25	7.50	7.75	7.75	90-day notice. 7.50 5-day notice
Hemel Hempstead	6.25	7.50	8.00	8.00	3 years, 7.60 25 days, 7.25 over £5,000
Hendon	7.25	—	7.25	7.25	3 months
Lambeth	6.40	7.50	8.05	8.05	25 days' plus loss of interest. 7.25 3 months'
Leamington Spa	6.35	—	7.80	7.80	Spa income, pd. monthly, no notice, no penalty 7.75 100 days' notice, or penalty, £1,000 min.
Leeds and Holbeck	6.25	8.00	7.75	7.75	Monthly interest, 7.75 1 month's notice or pen.
Leeds Permanent	6.25	7.25	7.75	7.75	HRAS 3 m. nt. no pen. 7.50 EIA 25 d. nt. no pa.
Liverpool	6.25	7.25	8.00	8.00	compounded, 3 years 7.50 25 days' notice
London Permanent	6.75	—	7.75	7.75	1-year term. Imm. wtd. with loss of 1% bonus
Midshires	6.25	7.75	8.25	8.25	28 days' notice/imm. 60 days' penalty
Mornington	7.50	7.50	7.50	7.50	Prompt withdrawals—no penalty
National Counties	7.50	7.50	7.50	7.50	1 month's notice (no penalty). £1,000+
National and Provincial	6.25	7.25	7.50	7.50	1 month's notice or immediate and interest less
Nationwide	6.25	7.25	7.25	7.25	Capital bonds, 3 years, 90 days' notice/penalty 7.50 Super bonus account, 60 days' notice/penalty 7.25 Bonus—accounts, 7 days' notice/penalty
Newcastle	6.25	7.50	7.75	7.75	90 days' notice, or on demand with penalty 7.25 28 days' notice, or on demand with penalty
Northern Rock	6.25	7.50	7.25	7.25	Moorsponsor plus 7 days' notice withdrawal No penalty, minimum investment £10,000 7.25 Co investments £1,000-£9,999
Norwich	6.25	7.50	7.50	7.50	City account. Imm. wtd. with no penalty
Paddington	6.75	8.25	7.75	7.75	1 mth's not. or 1 mth's int. loss on sums wtd.
Peckham	7.00	—	7.50	7.50	7 days, 8.0-3 months
Portsmouth	6.25	7.75	7.75	7.75	Two months' notice, 7.50 no notice
Property Owners	6.55	8.05	8.20	8.20	3 years, 8.00 6 months, 7.75 1 month
Scarborough	6.50	7.75	7.75	7.75	7 days, 7.25 25 days, 8.10 2 mths, 7.50 mthly. inc.
Skipton	6.25	7.50	8.00	8.00	2-year limited share, 1.75 3-year differential 7.50 2-year £10,000+, 7.50 £5,000+, 7.25 £1,000+.

UK COMPANY NEWS

Cowan de Groot improves to £0.88m

PROFITS HAVE continued to recover at Cowan de Groot in the 12 months to April 30, 1984. On a turnover of £2.7m lower at £26.6m, pre-tax figures climbed from £224,000 to £380,000 and Mr D. Cowan, the chairman, says the group's sound financial base and management resources makes him confident of further improvement.

potentially profitable footing by the end of the year under review. In the current year, no group trading companies are budgeted to generate losses. Loss-making companies can no longer be tolerated in the organisation, Mr Cowan states. Once more, the star performer in the group was D. Dekker which again improved its successful profit records. Its range of products continues to be welcomed by the trade and orders booked for the current year are well ahead of the corresponding figures of last year, Mr Cowan reports.

An exclusive licensing agreement with H-G Toys, a major American producer, which will greatly expand the group's range of products and is expected to lead to a further increase in its prosperity. Dividends are fully covered by profits with a surplus of £210,000 going to reserves (£387,000 from reserves).

Overall, the board has achieved its initial objective of placing all subsidiaries on a former satisfactory profitability remains top priority. On the electrical and hardware side, Richard Kelley continues to enjoy successful trading and is maintaining its traditional pattern of promoting the sale of special items. It has just concluded a substantial purchase of large stocks of Kamasa tools, which is expected to be sold profitably within the current year. W. F. Horwood and Co, produced an improved result and sales from its expanded range of pottery, glassware and hardware have been encouraging. The trend is budgeted to continue with even better results. The efforts to restore E. W. L. Electric to profitability have not been to bear fruit, and this company made a useful profit against last year's loss.

Bristol Evening profits up sharply

FOLLOWING a 566,000 lift in newspaper publishing and printing at Bristol Evening Post, pre-tax profits rose sharply from £1.55m to £2.45m for the 12 weeks to the end of March 1984. Second-half profits expanded from £985,000 to £1.7m. At the halfway stage the directors said that benefits from a change to 'abold' were being seen and the underlying trading position was continuing to improve. The net final dividend has been lifted from 12p to 12.5p which raises the total by 0.5p to 18.5p. Earnings per 25p share are shown as rising from 19.61p to 20.72p.

Fate of Beazer bid for Leech to emerge today

AFTER 59 days of hard slog, a 24-hour extension until 3.30 pm today should be sufficient to decide the fate of William Leech, the Newcastle housebuilding group, fighting to avoid succumbing to a £21.45m bid from C. H. Beazer (Holdings). Each side changed its takeover tactics radically yesterday as the bid entered what looked to be its penultimate stage. The offer was due to close by mid afternoon but Beazer, having won that one-day extension, finally dropped its aloof disdain of market purchasers and sent its broker, L. Messel, into the market to buy whatever stock it could find in non-assorted form. Beazer's task had already been made incalculably harder by the decision of Leech's founder to exercise his power of veto over a 2 per cent holding administered by the William Leech Foundation however much the directors of the Foundation, advised by Morgan Grenfell, had been prepared to accept Beazer's terms. Nevertheless, Beazer found

that it had sufficient acceptances to add to its original 12.8 per cent holding to give it 46.4 per cent and the plan was that Messel would be able to pick up enough to go over a majority stake from the Stock Exchange market floor. The plan, devised by County Bank, Beazer's advisers, appeared to be running into stiff resistance last night, organised by the two other merchant banks which have had both overt and covert roles in the course of the bid. The jobbers in Leech shares calculated that Beazer had later acquired enough Leech shares to give the predator about 47.5 per cent in support of its 145p par share cash bid, but rumours of a second bidder, competing with Messel, were quickly confirmed when Lloyds Bank International said that it had acquired 100,000 Leech shares at 145.125p per share. The purchase of client shares for own account during the course of a bid battle is not entirely new for merchant banks

and LBI which has stayed in the background throughout says that it has an unrealised profit in its books on 'Law' Land shares, acquired during the battle against Chamberlayne Estates. LBI's order, in this instance, was executed by Rowe and Pitman, broker to William Leech, and very shortly afterwards, the firm received a very similar buying request when J. Henry Schroder Wagg came in with an open order, again at 1p above the prevailing market price. Although the Stock Exchange floor is closed today, Rowe & Pitman will be in a position to execute bona-fide selling orders from William Leech holders until Schroder closes its position at 3.30 pm when Beazer's offer finally closes. Beazer is still looking for substantial postal acceptances in take in stock levels in hand, at the request of Schroder, Leech's named adviser throughout, a representative of the Takeover Panel will be on hand to supervise the final count.

Record result for Black Arrow at over £1m

Pre-tax profits of the Black Arrow Group exceeded £1m for the year to March 31, 1984, for the first time, and the chairman is confident that figure will be surpassed in the current year. The pre-tax figure for this holding company, with subsidiaries engaged in leasing, installation, finance, wholesale and retail distribution of office furniture and equipment and other activities, rose to £1.44m (£876,000), on turnover of £8.33m (£6.98m), restated to show income from instalment finance and leasing contracts. The directors are recommending a final dividend of 2.25p (12p), making a total of 3.5p (9p) for the year. Taxation took £238,000 (£232,000), and an extraordinary item of £1,000 (nil) was charged. After dividends of £77,000 (£198,000), profits of £359,000 (£258,000) were retained. Earnings per ordinary 50p share rose to 12.12p (7.33p).

Brunning lower but set for upturn

Pre-tax profits of Brunning Group held firm at around £200,000 in the second half of the year to March 31, 1984. This halted the decline of the first six months and paved the way for an upturn in 1984/85. After an exceptional item of £67,000 in respect of compensation for loss of office and redundancy payments, profits for the year under review declined from £254,000 to £462,000. However, management accounts for the first two months of the current year show a marked improvement over those for the corresponding period, and the final dividend is 2.5p net for a same again total of 4.725p.

Striking an optimistic tone in his statement Mr Geoffrey Brunning, chairman, says the group has largely completed its reorganisation programme so that its activities are concentrated almost entirely within advertising and marketing. The benefits of this restructuring can already be seen. Out of a total group turnover of £48.7m (£43.7m), the group's advertising and marketing activities accounted for £45.1m (£38.5m) and increased their profits from £480,000 to £635,000 despite absorbing all the extra costs of recruiting a number of additional senior executives and other related expenses.

On the other hand, the manufacturing and services companies, which now represent a minor part of group activities, made a loss of £182,000, due to non-recurring exceptional costs and the renegotiation of the Brunning House lease. This gives advantage forward rental terms in exchange for accepting an early start for a considerably increased rent. In the current and ensuing years the directors expect increasingly to reap the benefits of the actions taken to restructure the group, says Mr Brunning. Tax for 1983-84 took £148,000 (£160,000) for net profits of £307,000 (£394,000) and earnings of 10p (11.9p) per 25p share. There were extraordinary credits of £52,000 (£54,000 debits) leaving the attributable balance at £369,000 (£300,000) and, after dividend costs of £145,000, an amount of £224,000 (£155,000) was retained.

Promising trend at Electronic despite setback

Pre-tax profit for the six months to March 31, 1984, at Electronic Machine, fell from £22,705 to £14,997, largely due to a loss of over £50,000 at its Britannia Tool subsidiary. But the other group companies fared well, and directors are optimistic they will be able to declare the first dividend for many years at the end of September. Turnover dipped to £940,000 (£958,000). There was no tax charge (1983: £10,000). Earnings per ordinary 25p share were 0.61p (0.62p). Results at A. P. Radar and Davin Optical were good, and the latter in particular has made excellent progress. The sale of property at Thornton Heath brought in about £200,000.

Strong first half at Target Life

EXCELLENT new business figures in the first six months of 1984 are reported by Target Life—the life assurance operation of the newly-independent Target Group. New annual premiums rose 46 per cent over the period from £3.4m to £12.3m, while single premium business tripled from £1.7m to £5.1m. The major growth area for Target Life was the individual pension market, where annual premiums on self-employed persons nearly tripled from £1.5m to £3.6m and doubled on executive pension business from £2.1m to £4.3m. Single premium business nearly tripled from £3.9m to £11m, with much of the

growth coming from the expansion of the small self-administered scheme market for company directors and executives. There was a slightly different pattern in life business over the period. Sales of unit-linked bonds tripled from £9.5m to £29m. However, new annual premiums on life business declined 12 per cent from £5m to £4.4m, though Mr John Stone, Target's chief executive considers that the company has not been hit too badly by the loss of life assurance premium relief. Target Group became independent in May of this year, being previously part of Charterhouse J. Rothschild. Its major shareholders are Morgan Grenfell,

certain financial institutions and the directors and executives. Provident Life Association of London, a member of the Winterthur Swiss Insurance Group, reported new annual premiums up 8 per cent from £2.73m to £2.96m in the first six months of this year, while single premium business more than doubled from £1.83m to £3.77m over the period. The company saw steady growth in life business, with new annual premiums rising 14 per cent from £2.21m to £2.52m. Mortgage-related business was slightly higher despite the withdrawal of life assurance relief. Premium growth came mainly from buoyant sales of guaranteed income bonds.

Boulton & Paul

A substantial increase from £7.58m to £9.75 in pre-tax profits is reported by Boulton & Paul, a member of the BEI Group, for the year to March 31. Turnover of the structural engineer and woodworker was down however, from £96.59m to £78.4m. There was a tax charge of £3.81m against a credit of £3.3m in the previous year, and an extraordinary debit of £380,000 (£2.91m credit). Earnings per 25p share fell from 19p to 14.6p.

COMPANY NEWS IN BRIEF

The strivings price for the offer for sale of 1.89m shares of Compsoft, the software house, has been set at the minimum tender price of 120p by Kleinwort, Benson. The offer for sale received 335 applications for approximately 2.35m shares. The shares will be allotted in full for applications for up to 10,000 shares and thereafter, approximately 77.5 per cent of the application. Letters of acceptance will be posted on July 25 and dealings are expected to begin in the shares on the CSM on July 26, 1984.

Acceptances were received for 11,42m shares out of the 11.83 shares issued, representing 95.3 per cent of the shares offered. The remaining shares have been sold to accordance with the terms of the issue. The one for four rights issue at 25p represented a 20 per cent discount to the market price of 293p at June 25.

Turnover of this USM company rose from £115,000 to £133,000. The net loss was up from £161,000 to £180,000 and this was after depreciation down £1,000 to £37,000 but (included interest receivable of £1,000 (£13,000)). The loss per 25p ordinary share was 7.2p against 6.8p. Net asset value per £1 share of the British Kidney Patient Association, investment trust, rose from 118.7p to 122.6p over the year to June 30, 1984. Earnings per share for the opening six months to end-June improved from 1.05p to 1.45p. Dividends and interest received amounted to £33,000 (£32,000). Other income added £1,000 (£3,000), interest took £20,000 (£23,000), administration expenses £2,000 (£2,500) and tax £4,000 (£3,000).

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corro. of spending, Total year, Total last year. Includes Atlantic Assets, Black Arrow, Bristol Eve. Post, Brunning, Cowan de Groot, Dewhurst & Partner Int, Glewco Stockholders Int, Graig Shipping, Real Time Control.

There was a net operating loss of £1,000, compared with £135,000 at Greenwich Cable Communications in the six months to February 29, 1984. 0.35p.

Net asset value per £1 share of Vantage Securities, investment trust, rose by 4.2p to 48.1p over the 12 months to June 30, 1984. Gross income for the first six months to end-June, was the same at £38,000 but interest charges and expenses took slightly more at £8,000, against £7,000. Earnings were marginally lower at 0.64p (0.67p) per share after tax of £9,000 (same). The net interim dividend is held at £1.55m.

Net asset value per £1 share after deducting prior charges at Mar. rose from 120.9p to 144.7p at TR Trustees Corporation in the year to May 31, 1984. The final dividend is 2.2p net per share, up from 2.1p, to raise the total by 6.3 per cent to 3.4n. Earnings edged ahead to 3.57p, excluding an exceptional item. Total income increased from £9.73m to just under £6m, from which net revenue emerged slightly down from £3.19m to £3.07m after higher expenses and interest payable of £1.56m (£1.99m) and tax of £1.58m (£1.55m).

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Despite a storm of protest from Labour MPs, the National Union of Seamen and European Ferries, operators of the Townsend Thoresen ferry fleet, British Rail's Sealink subsidiary was sold to Sea Containers, the Bermuda registered U.S. container leasing company, for £60m cash. Sealink will be renamed British Ferries and a Stock Exchange listing is planned within the next three to five years. The Government will retain a "golden share" in Sealink for national defence purposes. Reed International went back on the U.S. acquisition trail this week with the £13.5m cash purchase of Fraxee Industries, a paint supplier based in San Diego, California. Reed recently acquired two other U.S. paint and DIY companies, Parker Paint and Roman Adhesives.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p). Includes Applied Botanicals, Berisford, BET, Bevan, D. F., Brit Build & Eng, Christie-Tyler, County Props, Davy Corp, Distillers, Dixons Group, Dorry, Ellis & Everard, Great Union Stores, Group Lotus, Hampson Ind, HAT Group, Hickling Pent, Hilliard, John J., Lennons Group, LOFS, MFI, Milbury, Multitone Elect, Norbain Elect, Oceanic, Reckmans Int, Sles Gannan, Somerville, W., Turnbull Scott, Turbula Carpets, Vinten, Wetman.

Scrap Issues

Table with columns: Company bid for, Value of bid per share, Price before bid, Value of bid, Bidder. Includes Lincroft Kilgour, Malaysia Rubber, Harsbalks Unvrs, Midsummer Inns, Phoenix Assoc, Priest Marriens, Songee Babru, Woodhalls, Woodward (H.), Wills & Everard, Elliot Collins Rutherford Scott Holdings.

Offers for sale, placings and introductions

Table with columns: Company, Offer for sale, Placings, Introductions. Includes Berkeley Group, Hill Woodgar, Pearson Webb.

Fenner claims improved prospects

J. H. Fenner, the engineering group which is opposing a £1.7m takeover by Hawker Siddeley, argued yesterday that it is on course for profit growth and lower borrowings despite the short-term detrimental effects of the British miners' strike and civil unrest in India. Fenner said: "The Hawker bid is opportunistic and fails to take account of your company's greatly improved prospects for the forthcoming financial year. Fenner forecast that pre-tax profits in the year ending September 1 would be £5.8m, up from £4.5m in the previous year, and that earnings per share would rise to 11.3p from 3.5p. He said that without the miners' strike and Indian problems, which reduced sales of agricultural equipment—pre-tax profits would be £7.5m in the

current year. Fenner expects to increase its dividend next year. Fenner, which makes beltng for uses including power transmission and materials handling, suffered an earnings decline in the recession but says that it is now benefiting from the economic upturn and from rationalisation and reorganisation which have cost more than £20m in the last three years. For its part, Hawker has made much of Fenner's level of borrowings, which totalled £35.8m at the end of last financial year compared with shareholders funds of £35.3m. Mr Peter Barker, Fenner chairman, said the aim was to get gearing down to about 50 per cent, but that the miners' strike and Indian strike had temporarily offset recent improvements in cash flow.

Fenner aims to reduce borrowings by up to 25m by re-establishing normal deliveries to the National Coal Board after the miners' strike, through a 10 per cent reduction in power transmission factory stocks, by a 10 per cent cut in stock levels in worldwide distribution operations, and by a 10 per cent reduction in working capital through tighter cash control. It also plans sales of some activities, including two sites expected to yield £13m. Hawker is offering two of its own shares plus 40p in cash for every five Fenner shares. At Fenner's closing price yesterday of 407p, down 45p, the offer values Fenner at 135.4p. Fenner shares closed at 140p, unchanged. First closing date for the offer is July 26.

Waddington wins first battle

John Waddington, the packaging and printing group, yesterday won the first phase of its battle to issue a £5.2m rights issue to a defence circular, Fenner said: "The Hawker bid is opportunistic and fails to take account of your company's greatly improved prospects for the forthcoming financial year. Fenner forecast that pre-tax profits in the year ending September 1 would be £5.8m, up from £4.5m in the previous year, and that earnings per share would rise to 11.3p from 3.5p. He said that without the miners' strike and Indian problems, which reduced sales of agricultural equipment—pre-tax profits would be £7.5m in the

rights proposals. The ordinary resolutions, requiring a simple majority, were passed without difficulty but the special items on the agenda, requiring a 75 per cent majority, were clearly in much more danger given Mr Maxwell's holding. As it was, Mr Willett lodged his proxy votes against the resolution authorising Waddington's articles of association, which now stand as they were, but the move needed to allot stock on a pro rata basis to shareholders heading the rights call was speedily passed. Mr Willett, a partner at stockbroker Gieselson Grant until early last year, spent out the various options open to Mr Maxwell without giving any indications as to what avenue he may eventually choose to follow. It now seems that Mr Maxwell will wait for the result of

the rights issue, deciding in the meantime how to direct his own interests, and, despite the evidence of yesterday's meeting that a simple majority of votes are firmly against him, will again look for boardroom representation. Mr Willett apologised to the board because "I keep standing up but afterwards he was certain that when the arguments are properly presented that Mr Maxwell would have a couple of chaps on the board, attitudes will surely change". Nothing that Mr Willett could say would shift the opinion of Mr Victor Watson, the Waddington chairman, by one jot, but Mr Maxwell's emissary was convinced that his chief had "much to contribute". The only certainty is that the City will not for one moment countenance a placing during the rights issue period.

Swithland plans to extend offer for Midsummer Inns

SWITHLAND LEISURE, a former owner of a pub and discotheque group plans on Monday to extend its offer for the real ale pub chain, Midsummer Inns, after gaining acceptances which would take its holding to 41.01 per cent. Swithland is offering 215p per Midsummer share, valuing the outfit from the Campaign for Real Ale at £1.58m and already holds 25.65 per cent. At the first closing of its offer yesterday it had received acceptances totalling a further 15.36 per cent. Greene King, the East Anglian brewer, disclosed yesterday that

it had raised its holding in Midsummer to 9.5 per cent. It has been buying steadily, at prices above the Swithland bid, over the past few weeks. Greene King has taken no decision on the ultimate purpose of the purchase, and has had no talks with Swithland. Midsummer shares yesterday closed at 215p, down 5p. If the offer is successful, Swithland intends to keep the Unlisted Securities Market quiet, thus obtaining a quoted vehicle in the licensed trade for its owners, Mr Adam Page and Mr Paul Scarce. Swithland has pledged to maintain Midsummer's dedication to real ale.

Equitable and Hambro buy office building

Hambro Life Assurance and Equitable Life Assurance of the U.S. have jointly purchased 8 Penn Center, a new Philadelphia office building, for over \$40m (£30m). The 23-storey building comprises 230,000 sq ft of floorspace and is located in the heart of Philadelphia's Penn Center office complex. The major tenant, Commonwealth Land and Title, occupies 80,000 sq ft. The acquisition is the most significant to date in the U.S. for Hambro Life. The company said yesterday that the deal illustrated its further commitment to the American real estate market, for which it operates a separate property fund.

RESULTS DUE NEXT WEEK

ICI took the City by surprise with bumper first quarter profits...

ICI took the City by surprise with bumper first quarter profits...

FCA shows sharp decline in second quarter income

BY WILLIAM HALL IN NEW YORK

FINANCIAL CORPORATION OF America (FCA), the biggest U.S. thrift company...

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market...

QAF makes reverse bid for Straits offshoot

By Chris Sherwell in Singapore

STRAITS STEAMSHIP OF Singapore yesterday announced details of a \$555m (U.S.\$271m) deal...

Ninth quarterly loss for Allis-Chalmers

BY TERRY DODSWORTH IN NEW YORK

ALLIS-CHALMERS, the Milwaukee-based farm and process machinery manufacturer...

Nissan net hit by price cutting

BY ROBERT COTTELL IN TOKYO

NISSAN, Japan's second largest motor manufacturer, yesterday reported consolidated net profits...

Net sales rose 5.8 per cent to ¥4,308bn from ¥4,070bn...

price cutting which characterized the Japanese domestic car market last year.

Alcoa upsurge continues

By Our Financial Staff

ALUMINUM COMPANY OF America, the largest U.S. aluminium producer...

Further fall at Amdahl

BY OUR FINANCIAL STAFF

AMDAHL, a major U.S. manufacturer of IBM-compatible mainframe computers...

Swiss bank lifts interim earnings

BY JOHN WICKS IN ZURICH

MORE than satisfactory results are expected for the current year by Swiss Bank Corporation...

Watch on Dutch pension fund

By Walter Ellis in Amsterdam

ALGEMEEN Burelijck Pensioenfonds (ABP), the largest Dutch pension fund...

Conrail boosts profits

BY PAUL TAYLOR IN NEW YORK

CONSOLIDATED Rail Corp. (Conrail), the north-eastern railroad company...

New Triumph-Adler chief

BY JOHN DAVIES IN FRANKFURT

VOLKSWAGEN, the West German motor group, is sending in one of its own executives to take charge of Triumph-Adler...

ICI took the City by surprise with bumper first quarter profits...

ICI took the City by surprise with bumper first quarter profits...

ICI took the City by surprise with bumper first quarter profits...

Table with 3 columns: Company, Announcements, Dividend (p/s)

Economic Diary
TOMORROW: Department for National Savings...

WEDNESDAY: Construction - new orders (May), TUC General Council meets...

THURSDAY: Balance of payments figures (June), Emotology and earnings by industry...

FRIDAY: Bricks and cement production (second quarter), Burnham committee meets...

SATURDAY: AFTS white-collar pay talks, British Gas and CTV, Aviation Authority publish annual report.

SUNDAY: Construction - new orders (May), TUC General Council meets...

Table with 3 columns: Company, Announcements, Dividend (p/s)

REINSURANCE
The Financial Times proposes to publish a survey on the above subject on Monday, 3rd September.

For further details and advertising rates please contact: Nigel Pullman, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Table with 3 columns: Company, Announcements, Dividend (p/s)

Granville & Co. Limited
Member of NASDMM
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market table with columns for company names, prices, and changes.

ANH Associated Newspapers Holdings p.l.c.
Half-year ended 31st March, 1984
Consolidated Statement of Earnings

MONTAGU
RENTALS
every WEDNESDAY OR SATURDAY
To advertise phone: 01-248 5284

WORLD STOCK MARKETS

NEW YORK

Table of stock prices for various companies in New York, including ACF Industries, AMCA, AMR, and others.

Table of stock prices for various companies in New York, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

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WALL STREET

Firm start fails to hold

A FIRM START failed to hold on Wall Street yesterday, when investors remained unconvinced by the strong pace of economic growth in the U.S., sending stock prices moderately lower. After gaining 3.08 to 1,006.01, the Dow Jones Industrial Average retreated to 1,010.15 by 1 p.m. for a loss of 1.77 on the day and 5.72 to the week. The NYSE All Common Index shed 30 cents to 836.38, marking a loss of 70 cents on the week. Dow Jones advanced a three-to-two lead over advanced, while the volume decreased 1.52m shares to 59.76m.

Wall Street fell and the French Government change viewed unfavorably on the Bourse, as among the heaviest hit were Credit Foncier of France, on Friday, and the Paris-Bordeaux 15.12 to 250.20. Credit Foncier rose 57 to 687 and L'Oréal rose 64 to 2,211. The slide affected all sectors, with Electricians among the biggest losers. Construction was also hit, trading in Dumas, of Frs 36 to 630, was temporarily suspended due to heavy selling. In foreign shares, Americans, Germans, Dutch and Oils were firm, while Coppers and Golds were easier. SWITZERLAND Domestic shares finished barely steady in featureless trading, with many investors staying away from markets since the loss of 4.19 at 873.77, and the SE Industrial Commercial Index shed 2.54 to 621.73. Turnover rose 9.2m (2.5m) shares. HONG KONG SHARE prices finished little changed after a day of quiet trading. Some institutional selling around midday was well absorbed by local investors. The Hang Seng index ended up 3.45 point at 801.10. JOHANNESBURG Gold shares were sharply lower in reaction to the further fall on the bullion price. Late trading was fairly active after a mostly quiet day. Losses stretched to about 400 cents, as in Heavyweight Harries at 8850 cents, while Anglo fell 75 cents to 1,400 and Laminas 40 cents to 550.

NEW YORK

Table of stock prices for various companies in New York, including ACF Industries, AMCA, AMR, and others.

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CANADA

Table of stock prices for various companies in Canada, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

AUSTRIA

Table of stock prices for various companies in Austria, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

GERMANY

Table of stock prices for various companies in Germany, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

BELGIUM/LUXEMBOURG

Table of stock prices for various companies in Belgium/Luxembourg, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

DENMARK

Table of stock prices for various companies in Denmark, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

ITALY

Table of stock prices for various companies in Italy, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

NETHERLANDS

Table of stock prices for various companies in Netherlands, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

FRANCE

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NORWAY

Table of stock prices for various companies in Norway, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

AUSTRALIA (continued)

Table of stock prices for various companies in Australia, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

JAPAN (continued)

Table of stock prices for various companies in Japan, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

SPAIN

Table of stock prices for various companies in Spain, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

SWEDEN

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HONG KONG

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SWITZERLAND

Table of stock prices for various companies in Switzerland, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

JAPAN

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SINGAPORE

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SOUTH AFRICA

Table of stock prices for various companies in South Africa, including Alcoa, Alcoa Aluminum, Alcoa Standard, and others.

Indices: DOW JONES 1984, S&P 500, etc.

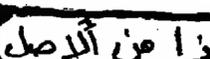
STANDARD AND POORS: 1984, etc.

N.S.Y.E. ALL COMMON: 1984, etc.

TORONTO: 1984, etc.

MONTREAL: 1984, etc.

NEW YORK CLOSING: 1984, etc.



Companies and Markets

FOREIGN EXCHANGES

Dollar firm

The dollar was firmer in currency markets yesterday and its trade weighted index equalled the record high attained on Wednesday of 136.9 up from 136.8 on Thursday. Demand for the dollar was based on rumours that next week's U.S. second quarter GNP figures would be revised upwards, giving rise to fears of firmer U.S. interest rates in order to control any possible increase in money supply and inflation.

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CURRENCIES; MONEY and CAPITAL MARKETS

THE POUND SPOT AND FORWARD

Table with columns: July 20, Day's spread, Close, One month, % Three months, % Six months. Includes data for UK, Ireland, Netherlands, Belgium, Luxembourg, France, Germany, Italy, Spain, Portugal, Greece, Austria, Switzerland, Japan, Sweden, Norway, Denmark, Finland, and others.

Rates ease

UK interest rates were easier yesterday on news of a probable settlement in the UK dock strike and sterling's better performance. The softer tone showed little true depth, however, with background concern over the possibility of firmer U.S. interest rates and the continuing miners' strike inhibiting any concerted downward move.

MONEY MARKETS

LONDON MONEY RATES

Table with columns: July 20 1984, Starting Certificate of deposit, Local Authority deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Five Year Treasury (Buy), Five Year Treasury (Sell).

Discount Houses Deposit and Bill Rates

Table with columns: July 20 1984, Starting Certificate of deposit, Local Authority deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Five Year Treasury (Buy), Five Year Treasury (Sell).

OTHER CURRENCIES

Table with columns: July 20, £, \$, Note Rates. Includes Argentina, Australia, Brazil, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, and others.

THE DOLLAR SPOT AND FORWARD

Table with columns: July 20, Day's spread, Close, One month, % Three months, % Six months. Includes US, Canada, Mexico, Central America, Caribbean, and others.

THE DOLLAR SPOT AND FORWARD

Table with columns: July 20, Day's spread, Close, One month, % Three months, % Six months. Includes US, Canada, Mexico, Central America, Caribbean, and others.

UK clearing banks' base

UK clearing banks' base leading rate 12 per cent (since July 12-13) affecting the market including of around £150m with factors maturing assistance and a take up of Treasury bills together totalling £77m. There was also the unwinding of previous sale and repurchase agreements which account for a further £302m and there was a rise in the note circulation of £245m. In addition banks brought forward balances £10m below target.

FT LONDON INTERBANK FIXING

Table with columns: LONDON INTERBANK FIXING (11.00 am, July 20), Three months U.S. dollars, Six months U.S. dollars.

FT LONDON INTERBANK FIXING

Table with columns: LONDON INTERBANK FIXING (11.00 am, July 20), Three months U.S. dollars, Six months U.S. dollars.

EXCHANGE CROSS RATES

Table with columns: July 20, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

EXCHANGE CROSS RATES

Table with columns: July 20, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

EXCHANGE CROSS RATES

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EURO-CURRENCY INTEREST RATES

Table with columns: July 20, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, O-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone.

EURO-CURRENCY INTEREST RATES

Table with columns: July 20, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, O-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone.

EURO-CURRENCY INTEREST RATES

Table with columns: July 20, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, O-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

Table with columns: Commodity, Latest price, Change, 1984 High, 1984 Low. Includes Metals, Grains, Oil, and other commodities.

REVIEW OF THE WEEK

World sugar price hits 21-month low. Values on the London Metal Exchange (LME) were mostly up on the week. Cosh high grade copper ended £16.25 up at £1,030.75 a tonne after being influenced by another large fall in LME warehouse stocks last week.

REVIEW OF THE WEEK

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AMERICAN MARKETS

Table with columns: Commodity, Price, Change. Includes SUGAR, COFFEE, POTATOES, and other commodities.

AMERICAN MARKETS

Table with columns: Commodity, Price, Change. Includes SUGAR, COFFEE, POTATOES, and other commodities.

LONDON OIL

Table with columns: Crude Oil, Spot Prices, Change. Includes Arabian Light, Brent, and other oil grades.

GAS OIL FUTURES

Table with columns: Gas Oil, Futures, Change. Includes various gas oil contracts.

LONDON OIL

Table with columns: Crude Oil, Spot Prices, Change. Includes Arabian Light, Brent, and other oil grades.

LONDON OIL

Table with columns: Crude Oil, Spot Prices, Change. Includes Arabian Light, Brent, and other oil grades.

INDICES

Table with columns: Index, Value, Change. Includes FTSE 100, DOW JONES, and other indices.

INDICES

Table with columns: Index, Value, Change. Includes FTSE 100, DOW JONES, and other indices.

GOLD MARKETS

Table with columns: Gold, Price, Change. Includes Gold Bullion, Gold Futures, and other gold market data.

LONDON FUTURES

Table with columns: Commodity, Price, Change. Includes various futures contracts.

LONDON FUTURES

Table with columns: Commodity, Price, Change. Includes various futures contracts.

LONDON FUTURES

Table with columns: Commodity, Price, Change. Includes various futures contracts.

REUTERS

Table with columns: Commodity, Price, Change. Includes various commodities from Reuters.

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LONDON STOCK EXCHANGE

MARKET REPORT

Equities and Gilts gain ground on dock strike peace formula; FT 30-share index advances 11.5 to 776.2

Account Dealing Dates
Option
*First Declara- Last Account
Dealings Date Dealings Date
June 15 June 28 June 29 June 9
July 2 July 13 July 23
July 16 July 26 July 27 Aug 6

Newspaper of the agreed peace formula aimed at ending the dock strike came as a welcome relief to London stock markets yesterday. Sentiment, which had shown disquiet signs of deteriorating over the past few days, was given a much needed boost and both Government stocks and leading shares rallied sharply.

The bulk of the day's activity, however, took place in the first hour or so of business. Dealers marked blue chip industrials higher at the outset in anticipation of a revival of investment confidence. Some demand developed at the higher levels, but most potential investors, still mindful of the unresolved miners' dispute and the recent sharp rise in interest rates, showed a marked reluctance to commit funds.

The lack of any real follow-through support was reflected in the Financial Times Industrial Ordinary Share Index which recorded a gain of 12 points at the first calculation. This was reduced to a rise of 10.3 an hour later and thereafter, the index closed 11.5 up on the day at 776.2 for a rise of 5.5 on the week.

Wall Street's overnight setback on continuing worries about the outlook for American interest rates also tended to dampen fresh buying enthusiasm. Government securities also rallied quite strongly from the outset. The recovery movement enabled the Government to sell stock in one of the recently issued taplets. Exchequer 10 per cent 1985, closing gains in the other mediums ranged to 1, while rises in the long stretched to 3.

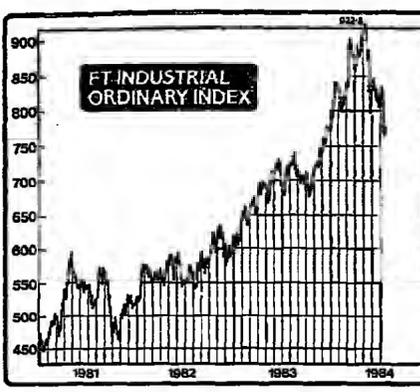
Lloyd's brokers rise
The 3.30 pm announcement of fresh Government funding via 14 tranches of £250m each of Treasury 9 1/2 per cent 1986 and Treasury 10 1/2 per cent 1989 and a £200m tranche of Treasury 11 1/2 per cent 2003/07 prompted a easier trend in the late dealings. Encouraged by FWS Inter-

national's sparkling debut, buyers appeared for other Lloyd's. Closing gains ranged to double figures with Willis Faber notable at 670, up 17 at 850p. C. E. Heath added 10 to 457p as did Stewart Wrightson to 885p. Minet gained 7 at 165p and Sedgwick appreciated 5 at 268p. Hogg Robinson closed 6 dearer at 182p; the annual results are scheduled for July 30. Conditions in the life sector were a lot calmer after the recent spate of speculative buying on takeover hopes. Sun Life a particularly active counter of late on talk of a large stake in the company changing hands, improved fresh to 670, netting a few pence easier on the day at 665p. Ahead of Tuesday's half-year figures, Britannic softened a couple of pence to 500p, while Pearl improved 7 to 495p. Legal and General firmed 2 to 497p, after 502p.

The major clearing banks regained composure after Thursday's depression caused by the unexpected 23p cash call from NatWest. Helped largely by technical indicators, NatWest at 610p, regained 5 of the previous day's loss of 27. Lloyds retrieved 7 at 440p and Barclays improved a couple of pence to 450p. Midland, which announces interim figures on Thursday, regained 6 at 328p. Lloyds insurance broker PWS International staged an impressive market debut; after opening at 242p, the shares were briskly traded and moved progressively higher to close at 315p, the best of 25p which compares with the placing price of 215p.

Eliza Tinsley, which manufactures and distributes a wide range of equipment, also fared well in first-time dealings in the Unlisted Securities Market; the shares opened a shade above the placing price of 55p and touched 58p prior to closing at 56p. First Land Oil and Gas, introduced Monday at 170p under Special Rule, closed 40 higher at 210p.

Marked higher at the outset, leading Breweries failed to attract follow-through demand and settled a shade below last week's level. Allied-Brewers closed 4 up at 155p, after 156p, while Whitbread improved a similar amount to 164p, after 165p. Bass rose 8 to record a gain on this week of 15 at 360p. Among Wines and Spirits, Distillers



advanced 10 to 295p following a generally encouraging response from both the Press and leading brokers to the preliminary results. A subdued sector throughout the previous week as investors remained wary following the increase in mortgage rates; leading Stores attracted fresh support on consideration of reports that consumer spending will remain at a relatively buoyant level for the remainder of the current year. Most closed at the top under the lead of Marks and Spencer, 7 better at 217p. Burton 200p, and British Home, 192p, rose 3 pence, while second thoughts on the preliminary results lifted Gossies A 8 to 503p. Woolworth, neglected during the week, rallied 13 to 418p.

Dealers reported an improved trade among secondary Stores, although business remained selective. Favourable comment in the wake of the 48 per cent expansion in annual profits lifted Dixons 15 to 235p, after 240p; sentiment was given an additional boost by a clutch of "buy" recommendations from leading brokers. IFA, which announced full-year results on Tuesday, hardened 4 to 134p in belated response to a bullish circular from de Zeeuw and Bevan, while Currys advanced 7 to 240p. Vantona Virella remains in the red with a fresh gain of 11 at 210p, while Stead firmed 3 more to 103p. Stead and Simpson A closed 6 up at 98p reflecting Press-inspired takeover speculation; Hanson Trust holds a 29 per cent stake via the acquisition of

UDS. A modest technical rally left Thorn EMU 6 dearer on the day but still 10 lower on the week as 10 lower over the past fortnight at 418p; over that period the shares have steadily followed the proposed £85m acquisition of Immos and last Tuesday's controversial decision to ask shareholders for £128m to partly help finance the deal with a rights issue. Dines Electrical leaders have been held in check by Thor's weakness and were quiet again yesterday. Rael, however, hardened 2 more to 226p in further response to a broker's bullish circular. Elsewhere, Craxial rose 5 to 230p in hopes of the early sale of its Royal Worcester china interests. By way of contrast, Real Time Control lost 8 to 180p following the loss of profits. Engineering leaders ended the week on a quietly firm note. TI, 8 better at 214p, led the recovery, while GKN closed 6 higher at 162p, after 164p, and Vickers improved 5 at 165p. Elsewhere, NIS International featured with a speculative rise of 9 to 49p; the annual results are scheduled for next month. Food Retailers took a distinct turn for the better. Associated Dairies, a depressed market recently on worries that the prolonged miners' dispute was eroding profits, rallied 6 to 148p. J. Sainsbury firmed 4 in 295p and Tesco hardened a penny to 358p. Among Hotels and Caterers, Garfunkels rose 10 for a two-day gain of 20 to 135p following a newsletter recommendation.

British Aerospace up
Early rumours of an imminent bid from GEC sparked off a flurry of speculative buying in British Aerospace and the shares jumped to 337p before easing on GEC's quick denial to close 1p higher on balance at 333p. Elsewhere in miscellaneous industrials, the agreed peace dock strike formula boosted Associated British Ports, 14 up at 216p, and European Ferries, 6 1/2 dearer at 101 1/2p. Rawley rose 2 1/2 to 77p in response to Press comment that its Channel favourite Avon Rubber advanced 7 to 155p for the same reason. Details of the record annual profits left Black Arrow 4 better at 76p, while Renwick advanced 12 1/2p following news of the completed sale of its Channel Island business for £9.5m.

Dealings commenced yesterday in Bowater Industries as part of the Scheme of Arrangement relating to the demerger of Bowater Corporation's North American and Canadian divisions. Quoted at 459p, this effectively represents the value of two former Bowater Corporation shares cum the entitlement of Bowater Incorporated in which London dealings start on Tuesday.

Based on the overnight New York value of \$174 the "inc" shares, the adjusted share value for each New Bowater Industries share ex all is approximately 142p. The shares took up a firmer stance. Laker, priceless recently, rallied 5 to 166p. Automotive Products, 56p, recovered Thursday's fall of 3, while further consideration of the better-than-expected full-year figures lifted Dowty a penny more to 35p. Among distillers, speculators returned for Loxers, 6 up at 102p, while Lax Service advanced 5 to 245p, and Charles Hurst improved 12 at 125p.

Textiles finished firmer for contract bringing the week's interim results on Monday, rise 5 to 285p. Harmling firmed 8 to 98p, after 108p following the hullish statement and price touched 48p earlier in the week. The group recorded 219 pence with 210 pence in the in the wake of Liechtenstein.

based Waskon acquiring a controlling interest. Rothmans International were wanted in belated response to Thursday's annual results and rose 5 to 138p. Berkeley advance
Interest in Oils was mainly centred on a couple of secondary issues. A mixture of bid rumours and exploration hopes boosted Berkeley Exploration 10 to 125p, while further consideration of the £17m sale of a drilling subsidiary to American companies encouraged renewed strength in Hunting Petroleum which touched 144p prior to closing a net 12 up at 142p.

Worries over the recent decline in North Sea oil prices and Texaco's decision to reduce purchases of crude from ENOC prompted nervousness throughout the oil majors. The general upturn in equities following the dock strike settlement, however, encouraged sufficient buying interest to leave most issues virtually unchanged on the day. Charter surge ahead
Charter Consolidated remained the focus of attention in mining markets following a Press suggestion that the company is about to sell off a number of shareholdings including the recently acquired 29.9 per cent interest in Row and Charley's shares jumped a further 20 to 248p - a week's gain of 35 - while Johansson, in which Charter holds 27.9 per cent, surged 24 to 238p. Cape Industries, 67.5 per cent owned by Charter put on 5 to 82p.

Other sectors of mining markets were thoroughly depressed by the latest poor showing by the bullion price. The latter opened a shade easier at \$347 but fell away to touch \$337 before closing net \$3.5 off at \$341.25 an ounce. South African Golds mirrored this performance. Initial buying interest from Continental sources petered out in the face of persistent selling from Johannesburg and prices were on the retreat for the rest of the session. Closing quotations were easily the day's worst and the Gold Mines index dropped 19.5 to 509.3 - its fourth successive decline and its lowest level since October 1982.

Apart from Charter, London Financials were unsettled by the trend in precious metal markets. Rio Tinto-Zinc was a major casualty and fell away to close 10 lower at 520p while Consolidated Gold Fields lost 4p to 25 to a low of 49p while Central Mining and Copper, 25.5 to 288p, and Poseidon 8 to 288p. Boulderville, a major gold producer, eased 4 more to a low of 98p, and North Kalzair 3 to 39p.

Traded Oils attracted \$296 of contracts bringing the week's daily average to 3,146. The FTSE 100 accounted for 568 calls and 134 puts. Another lively two-way trade developed in Commercial Union with 290 calls, 130 in the interim results; the shares touched 48p earlier in the week. The group recorded 219 pence with 210 pence in the in the wake of Liechtenstein.

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FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Sec, Fixed Interest, Industrial Ord., Gold Mines, Ord. Div. Yield, Earnings, Yld. (AVG), Div. Ratio (IND), Total Returns, Equity Turnover Am., Equity Bargains, Shares traded (m). Rows for July 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1984, 1983, 1982, 1981, 1980, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, 1895, 1894, 1893, 1892, 1891, 1890, 1889, 1888, 1887, 1886, 1885, 1884, 1883, 1882, 1881, 1880, 1879, 1878, 1877, 1876, 1875, 1874, 1873, 1872, 1871, 1870, 1869, 1868, 1867, 1866, 1865, 1864, 1863, 1862, 1861, 1860, 1859, 1858, 1857, 1856, 1855, 1854, 1853, 1852, 1851, 1850, 1849, 1848, 1847, 1846, 1845, 1844, 1843, 1842, 1841, 1840, 1839, 1838, 1837, 1836, 1835, 1834, 1833, 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Journalist

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from the Thursday's Stock Exchange Official List and should not be reproduced without permission.

STERLING ISSUES BY FOREIGN GOVERNMENTS

Table listing foreign government issues in sterling, including American (Comm. of 11) and various international bonds.

COMMERCIAL INDUSTRIAL

Table listing commercial and industrial issues, such as AAN Higgs and various corporate bonds.

CORPORATION AND COUNTY

Table listing corporation and county issues, including Greater London Council and various local authority bonds.

UK PUBLIC BONDS

Table listing UK public bonds, including Agricultural Mortgage and various government securities.

FOREIGN STOCKS

Table listing foreign stocks, including American (Republic of) and various international equities.

CORPORATIONS - FOREIGN

Table listing foreign corporations, including Anglo-Siam and various international companies.

BANKS DISCOUNT

Table listing bank discount rates for various banks and currencies.

BREWERS

Table listing brewery issues, including Allied-Lyle and various beer-related securities.

COMMONWEALTH GOVT.

Table listing Commonwealth government issues, including New Zealand and South African bonds.

NEW ZEALAND

Table listing New Zealand government issues, including various local authority bonds.

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Table listing utility issues, including American International and various power-related securities.

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Table listing water works issues, including various municipal and utility water supply bonds.

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Table listing unit trusts, including various investment funds and trusts.

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Table listing miscellaneous mine issues, including various mineral and metal extraction securities.

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Table listing South African mine issues, including various mining and mineral extraction securities.

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Table listing financial trusts, including various investment and financial services trusts.

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Table listing insurance issues, including various life and general insurance securities.

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Table listing investment trusts, including various asset management and investment funds.

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Table listing plantation issues, including various land and agricultural investment securities.

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any exchange.

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland.

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Table listing plantation issues, including various land and agricultural investment securities.

RAILWAYS

Table listing railway issues, including various transport and infrastructure securities.

SHIPPING

Table listing shipping issues, including various maritime and transport securities.

FT-CITY COURSE

LONDON 11 October - 29 November 1984

Over 3,000 managers and trainees from some 750 organisations representing all sectors of finance and industry have attended this course arranged jointly by the Financial Times and the City University Business School.

The course is designed for employees in companies with interests in the City and provides a broader understanding of all aspects of the City's operations and the factors that have made it a world financial and trading centre. The format comprises eight afternoon lecture programmes conducted by 23 distinguished City personalities, each an expert in his field.

For further information, please contact: Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: London 27347

LONDON TRADED OPTIONS

Table of London traded options, including CALLS and PUTS for various assets like S.P., Gold, and Shares.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange, including Series, Vol., and Last prices for various assets.

Table of FT-City Course details, including dates, times, and contact information.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), British Group-Continued, and others, with columns for fund names, managers, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing numerous unit trusts like Key Fund Managers Ltd. (a)(g), Perpetual Unit Trust Mgmt. (a) (2), and others, with detailed columns for fund names, managers, and performance data.

Table listing various insurance and financial services, including City of Westminster Assurance, General Purpose Life Insurance, and others, with columns for company names and service details.

Large advertisement section titled 'This space....' containing promotional text for advertising and investment services, including contact information for Hugh Sutton, Bracken House, and various financial institutions.

INSURANCE, OVERSEAS & MONEY FUNDS

Self-insured

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Swiss & Prager Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including CAL Investments (IOM) Ltd, Capital International Fund, and various international investment funds.

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NOTES - Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest.

FT LONDON SHARE INFORMATION SERVICE

2 Day Management Training Programme Time Manager Stress Manager

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Five to Fifteen Years Table with columns: Fund Name, Price, % Change, Yield

Over 15 Years Table with columns: Fund Name, Price, % Change, Yield

Undated Table with columns: Fund Name, Price, % Change, Yield

Index-Linked Table with columns: Fund Name, Price, % Change, Yield

CORPORATION BONDS Table with columns: Bond Name, Price, % Change, Yield

COMMONWEALTH AND AFRICAN BONDS Table with columns: Bond Name, Price, % Change, Yield

LOANS Table with columns: Loan Name, Price, % Change, Yield

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DRAPERY & STORES - Cont. Table with columns: Stock Name, Price, % Change, Yield

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HOTELS - Continued Table with columns: Stock Name, Price, % Change, Yield

INDUSTRIALS (Miscel.) Table with columns: Stock Name, Price, % Change, Yield

INDUSTRIALS (Miscel.) Table with columns: Stock Name, Price, % Change, Yield

INDUSTRIALS (Miscel.) Table with columns: Stock Name, Price, % Change, Yield

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Just in time



MINES - Continued

Table of stock prices for various mining companies, including Anglo American, De Beers, and others.

Tins

Table of tin stock prices, including companies like Anglo Tin Mines and others.

Miscellaneous

Table of miscellaneous stock prices, including various small-cap and specialty stocks.

NOTES

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Table of stock prices for various mining companies, including Anglo American, De Beers, and others.

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FINANCE, LAND, ETC.

Table of finance, land, and other stock prices.

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Table of property stock prices, including real estate and related companies.

LEISURE

Table of leisure stock prices, including companies like British Airways.

INSURANCES

Table of insurance stock prices, including companies like Lloyds.

PROPERTY

Table of property stock prices, including real estate and related companies.



expansion, (ik'apanshen), n. a risky game that can be highly profitable. To maximise chances of success, move to Southampton and gain major benefits. [C17: from New Latin expansionem heavenly opportunity].

MAN IN THE NEWS

Europe's committed crusader

BY DAVID HOUSEGO

A LITTLE TIRED, a watery smile on his face, M Jacques Delors, the outgoing French Finance Minister, yesterday handed over control of the French Treasury to M Pierre Berégovoy, his successor. In a brief ceremony in the gilded rooms of the Rue de Rivoli, M Berégovoy paid tribute to him in saying that over the past three years he had left "his personal stamp on the economic life of France and on the policy of the government."

Will the same be said of M Delors' four year tenancy of the Presidency of the European Commission that begins on January 1? M Delors' appointment marks a return to the tradition of strong and imaginative heads of the Commission in the style of Walter Hallstein



Jacques Delors

and Roy Jenkins after a period of weak leadership. It comes at a time when the EEC has finally rid itself of the demoralising quarrel over the British budget contribution and when a new momentum has sprung up in Europe towards closer economic and political collaboration.

M Delors is a long-time foot soldier of the European cause. A former chairman of the European Parliament's economic and monetary commission, the man who did most to prevent France pulling out of the EMS in March 1983, and who as Minister of Finance during the six months in which France held the Presidency of the EEC has since fought hard to ensure the operation of the EMS. He comes to his new job with the enthusiasm of a militant crusader.

"I am a European by conviction and now through necessity," he said yesterday. He believes that on Europe's ability to work together and transform itself industrially and economically hangs its "survival or its decline."

For the British and West German governments who canvassed for M Delors' appointment, his immediate task is to bring Community's pending budget control. "Margaret (Thatcher) can count on me to master the Budget," he said jokingly yesterday. "If she can master her strikers." On a more serious note, he insists that Budget control must not be at the expense of industrial and social innovation. M Delors does not see his job as being simply Europe's accountant.

Though he subscribes to the goals of political union sketched out at the Fontainebleau summit last month, he believes that this is a long-term objective. The immediate priority is to strengthen economic and political collaboration. He can be expected to push hard for further opening up Europe's internal market.

He would like to see Britain join the EMS thus providing Europe with three reserve currencies in the DM, the franc and the pound. It would be better, he says, to work towards a strengthening of the EMS with Britain inside the system.

Because of the Byzantine manoeuvrings of President Mitterand's cabinet reshuffling, M. Delors only heard the news that he would be going to Brussels late on Tuesday afternoon—in fact after the Financial Times had received confirmation of it. The post of President of the EEC Commission is one that he had long coveted but he had believed beyond his reach because of his role in the French government and because of his age. He yesterday celebrated his 59th birthday.

A final snapshot. As he walked into the sunlit courtyard of the Ministry of Finance yesterday after handing over to M. Berégovoy, secretaries leaning in of the upper windows warmly applauded him. A spontaneous gesture to a "grand patron."

Howe blames Argentina for collapse of Berne talks

BY KEVIN BROWN IN LONDON AND ANTHONY McDERMOTT IN BERNE

THE GOVERNMENT yesterday blamed a change of heart by Argentina for the collapse of talks on normalising relations between London and Buenos Aires, broken off after the Falklands War two years ago.

"The Argentine Government brought the talks to an abrupt and premature end by failing to proceed upon the basis that had been clearly agreed," Sir Geoffrey Howe, the Foreign Secretary, told the Commons. "The talks were held in Berne and a statement issued after the 13 hours of abortive discussions, which broke up on Thursday night, indicated that a huge gap still remained between the two sides."

The communiqué was drafted by Brazil, which looks after Argentina's interests in London, and Switzerland, which oversees Britain's interests in Buenos Aires.

"The Argentine side," he says, "repeated that it was necessary to discuss... the establishment of a mechanism under which sovereignty over the islands could be undertaken." Britain, by contrast, "reaffirmed that Her Majesty's Government was not disposed to enter into discussions on the questions of sovereignty."

Argentina made it clear that it would not consider other aspects of normalisation "as long as it remained impossible to discuss means of tackling the sovereignty question."

Meanwhile, Mr Pante Caputo, Argentina's Foreign Minister, speaking in Buenos Aires, blamed what he called Britain's "irresponsible" attitude for the

breakdown. In his Commons statement, Sir Geoffrey said Britain "complained scrupulously" with an arrangement reached through the Swiss government. This stipulated any request by Argentina to discuss sovereignty would be refused and followed by talks on other issues. Britain had offered to discuss commercial and financial links, air services and a visit to the Falkland Islands by relatives of Argentine war dead.

But the Argentine negotiators had insisted on discussing sovereignty too. "The Argentines had to live with the consequences of the fact that it was they who used force in invading at a time when we were negotiating in good faith," Sir Geoffrey said.

Mr Denis Healey, the Shadow Foreign Secretary, said Britain might have "missed the bus" by delaying too long in opening talks. Sovereignty would have to be discussed eventually, and the Government could not refuse for every talk to a democratic government.

MPs on both sides called for British recognition of the moves made by the democratic government in Argentina, and the pressure on it from authoritarian elements within the country.

In Berne, Switzerland strongly defended its role in bringing Argentina and Britain together. Mr Edouard Brunner, the Swiss Secretary of State at the Foreign Ministry, said that he had not expected much more. The importance of the talks

had been that both parties had "expressed strong desire to meet" and had eventually met face to face.

Switzerland hoped that moves towards the normalisation of relations would continue. There were, however, no plans for further talks at present.

Martin Andersen adds from Buenos Aires. Sr Caputo told the Lower House of Congress on Thursday night that the sovereignty issue was central to Argentine willingness to talk and that Britain's attitude was irresponsible and had not been serious. Argentina would concede nothing which could jeopardise its sovereignty claim.

Robert Graham writes: The mutual recriminations fail to explain how a carefully agreed formula for the meeting collapsed so quickly. The positions of both Britain and Argentina had been meticulously exchanged via Switzerland and Brazil.

One theory being advanced was that President Raul Alfonsín of Argentina decided to break off the meeting in this way to demonstrate a tough public stance on concessions to Britain at a time when Argentina is close to an agreement with Chile over the Beagle Channel.

The Beagle agreement equals concessions by Argentina to its historic rival, and these could prove difficult to "sell" to domestic opinion. If so, hints from Argentina officials yesterday that the talks with Britain could be resumed in a low key might have some substance.

Ministers in united attack on Scargill

By Peter Riddell and John Lloyd

THE GOVERNMENT yesterday appealed to miners to follow the dockers back to work, as senior ministers renewed their concerted attack on Mr Arthur Scargill, the NUM president.

Mr Norman Tebbit, the Trade and Industry Secretary, argued in a speech in Dorset that the time had come for such a move. "If they will not return to work, the very least that should happen is for the National Coal Board to offer to be put to the ballot," he said.

All the signs in Whitehall are that the Cabinet is now resigned to a long strike and is seeking to rally public opinion by isolating Mr Scargill and discrediting Mr Neil Kinnock, the Labour leader, in association with him.

Mr Ian MacGregor, the NCB chairman, is known to be unhappy with this tactic. He believes, as do many of his officials, that attacks by a Conservative Cabinet on the NUM president will call forth loyalty from rank-and-file miners at a time when that loyalty might be severely strained.

Mr MacGregor's view is that Mr Scargill is much more anxious for a settlement than his public pronouncements indicate, although having now encouraged such exaggerated expectations among his own militant supporters that he dare not settle for anything less than total victory.

The NCB chairman was surprised by the aimability of the lengthy, but ultimately unsuccessful, talks on Wednesday. He detects in that changed atmosphere an indication that a compromise may yet be possible. However, such a solution may be blocked if the issue now turns into a largely political battle.

This sharp divergence of view reflects the worsened relations between Government and NCB. Ministers are impatient with the lack of success in talks and are convinced that the NCB has made a poor showing in publicity terms.

Mr Alex Fletcher, a junior Trade and Industry Minister, said he would forecast last night that "if miners strike is likely to continue for some time, perhaps until Christmas."

Echoing the invocation of the Falklands spirit by Mrs Thatcher on Thursday evening, he claimed there was "a strong similarity between Mr Scargill and General Galtieri, of Argentina."

"They both believe in intimidation, in substituting the force of persuasion with the persuasion of force," he predicted that Mr Scargill will suffer the same fate as General Galtieri. His threats, his lies will not even save his own job. He will fail and he will be ousted."

The Falklands simile and Mrs Thatcher's talk of "the enemy within" has infuriated Labour leaders. Mr Kinnock said in a BBC interview yesterday that the Prime Minister's remarks were prompted by "panic and hysteria."

The Labour leader argued that a settlement could be reached "in a very short time." He said it was necessary to keep the pits open in view of very high unemployment in the coalfields. Other Labour leaders accused Mrs Thatcher of being "insulting and offensive" in comparing the miners to the Argentine junta.

Whitehall officials yesterday quickly put a gloss on Mrs Thatcher's remarks to Conservative back-benchers on Thursday, saying that her reference to the enemy within was not intended to denote all miners, but just a minority of militants.

A central theme of speeches and interviews yesterday by Mr Tebbit, Mr Tom King, the Employment Secretary, and Mr John Gummer, the Conservative Party chairman, was that the dispute is no longer about the coal industry but is a politically-motivated attempt to break the Government.

The Government's tactic is now to go on the offensive in speeches and interviews. Mrs Thatcher's advisers believe that Mr Kinnock is in a difficult position and can be isolated.

Politics today, Page 17

Gas privatisation Bill delayed

BY OUR POLITICAL EDITOR

LEGISLATION to allow the privatisation of British Gas Corporation has been held up for at least a year, largely because of delaying tactics by Mr Peter Walker, the Energy Secretary, and Sir Denis Rooke, the British Gas chairman.

An enabling Bill covering British Gas was pencilled in last year as one of the main measures for the coming 1984/1985 parliamentary session. However, this Bill has dropped off the list for November's Queen's Speech, now nearing completion.

The Treasury has been pressing for increased competition in the areas covered by British Gas's operations, partly via the disposal of some of its activities.

Both Mr Walker and Sir Denis had made no secret of their opposition to such a break-up and their preference for the flotation of British Gas as an integrated, though regulated, operation.

They have succeeded in postponing the main decisions by the Cabinet. These have already been held up by the miners' strike, which has preoccupied the relevant ministers and officials.

The Treasury privately concedes that progress has been very slow on the British Gas issue, though ministers and officials believe that some movement is at last happening.

It was significant that Mr John Moore, financial secretary to the Treasury, felt able to reiterate in his speech on privatisation last Wednesday that "there is a firm commitment to increase competition in and attract private capital into the gas and electricity industries."

The privatisers hope that a firm decision will be reached later this year, leading to legislation in the 1985-86 session.

decision to withdraw from the partnership despite "great confidence" in SBS's future.

"This will also provide Aetna and IBM greater flexibility, if they choose to seek new partners with financial resources and business interests that are compatible with the future course of SBS," Comsat said.

No financial details of the plan were disclosed, though Comsat said the sale was likely to give it an after-tax gain of about \$15m.

SBS has been undergoing a big review, including substantial job cuts, under Mr Stephen Schwartz, an IBM veteran who took over as president in January.

A proposal for altering the equity could pose a serious dilemma for the U.S. Federal Communications Commission, which must rule on the deal.

IBM lifts stake in satellite venture

BY PAUL TAYLOR IN NEW YORK

INTERNATIONAL Business Machines, the largest computer manufacturer, will acquire a controlling interest in Satellite Business Systems, the U.S. telecommunications company.

Through an agreement announced yesterday, Comsat, the satellite communications company, is withdrawing from SBS, a joint venture with IBM and Aetna Life and Casualty.

IBM and Aetna confirmed yesterday that they are holding discussions with other companies and are seeking a partner in place of Comsat.

Comsat's move had been expected in view of SBS's continuing losses and heavy requirements of capital. Under the terms of a preliminary deal announced yesterday, IBM would acquire for an undisclosed sum 80 per cent of Comsat's 33.3 per cent interest

in SBS, with Aetna acquiring the rest of Comsat's stake. This will leave IBM with a 60 per cent stake.

The three partners have invested more than \$1bn (£750m) in SBS since it was set up in 1980. Although its revenues have grown sharply, the joint venture has continued to report heavy losses. SBS provides business communications, including a public long-distance telephone service at cut prices and called Skyline, which was launched last January.

SBS reported a \$123.1m loss last year on revenues of \$141.8m—compared to a \$122m loss on revenues of \$93m in 1982.

Comsat, whose net earnings after tax were reduced by \$24m to \$50m last year by its losses attributable to SBS, said yesterday that it had taken the

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Table with columns for RISES and FALLS, listing various commodities and their price changes.

WORLDWIDE WEATHER

Table showing weather forecasts for various cities worldwide, including temperature and conditions.

Continued from Page 1

GrandMet

cent market share. Much of its recent growth, however, has come from the highly successful introduction in the U.S. of unbranded "generic" cigarettes.

Its profits before tax reached \$60m in the year to last September on sales of \$562m, contributing about 40 per cent of GrandMet's profits from consumer products in the U.S. At the time of the original announcement, Grand Metropolitan said it was seeking to sell the U.S. tobacco business to concentrate investment on other consumer products in the U.S.

Grand Met U.S.'s other non-tobacco interests include foods, pet foods, soft drinks, sporting goods and the Children's World Care Centres, which it acquired last year.

Tourism chiefs fear Welsh arson stories

TOURISM earned Wales £510m last year, an increase of 7 1/2 per cent. But the Welsh Tourist Board fears its effort and investment is being wasted by "negative and over-dramatised" reports about holiday home arson, according to its annual report.

Continued from Page 1

Docks

something "very close to a riot." He added: "We were very sad that we had to let our strikers down. But it was pressure from people in another section from people which let us down."

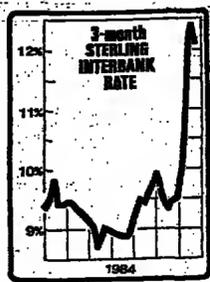
The NUS's executive committee has suspended its Sealink freight ban pending talks with the company's new owner, Sea Containers.

Mr Jim Slater, the union's general secretary, said that any threat to jobs, services and agreements would be met with "resolute and determined industrial action" by all NUS members in Sealink ports.

THE LEX COLUMN

Two strikes but no sparks

Index rose 11.5 to 776.2



The City's summer torpor must infuriate the senior partners of stockbroking firms—forced to look at the low volume of business available to support their fixed costs—but perhaps it has served a useful purpose this last week. Drowsy markets have at least avoided over-reacting, in either direction, to the dock strike and its resolution.

So far as equities are concerned, the institutions' palate appeared fairly jaded yesterday. This was reasonable enough; although the dock strike was potentially far more damaging to the economy than trench warfare in the coalfields, its end simply allowed the markets' attention to drift back towards Mr Scargill. And while the threat of still higher bank interest rates had receded by the end of the week, the effects of earlier increases could still be seen hanging over the economy for months ahead.

This dull pessimism about equities may easily turn out to be excessive if the remaining strike is settled without a winter crunch, and if world interest rates do not climb higher. For the present it has equally becalmed the market in gilt-edged, although the latest sale of tablets did no positive damage yesterday afternoon, despite being aimed yet again at shorter maturities than the liabilities which investing institutions want their gilt-holdings to match. There is so little expectation of being offered a really long stock by the Government Broker that fund managers feel there may be more chance of the actuaries changing the definition of length than of the GB selling them a 30-year bond.

Meanwhile, the brokers Fielding, Newson-Smith have managed to turn their face away from the summer doldrums by signing up for a well-beeled future with the National Westminster Bank—which looks a timely preparation for the coming Stock Exchange upheaval.

The straight-forward broker-dealers, meanwhile, have seen off the suggestion that they should have to expose all orders to a market maker. Block trading business might well flourish alongside the trading activity of the committed market makers and the traditional agent's role should still be profitable for plenty of brokers.

The technological subtleties of the Stock Exchange Automated Quotation System (SEAQ) look essential to defining the role of different parties

Stock Exchange

The future shape of the London equity market has finally emerged this week from off the cluttered drawing boards of the Stock Exchange Council. The favoured plan, drawn up in the face of a plethora of conflicting proposals, has been cogently set out by the Council and will be built around a competing market plan system. Many details of the plan remain to be settled; but its outline already leaves no doubt that

several structural dilemmas have been cleverly addressed.

The case for two or more tiers of stocks, ranked according to liquidity, has been persuasively rejected and the Council's reservations about a comprehensive ticker tape for last trade information are hard to fault.

Although its indications are weak, a full tape should still be an eventual aim. Above all, the Council has managed to allow for sweeping reforms while leaving it up to commercial pressures in the marketplace to dictate the speed of change.

In essence, the Council has provided growth opportunities both for market makers and for those broker-dealers restricting themselves to agency work and occasional principal business. Competition on roughly equal terms ought therefore to emerge as the main arbiter of which firms prosper and which do not. Arguably, the jobbing establishment has won for itself a less advantageous position than at one time seemed likely; but future market makers will have direct access to investors and some useful privileges to help them in this role.

Underwriters should not accept this offer unless forced to do so by Lloyd's solvency requirements. Minnet, meanwhile, should think of an alternative to its present unsatisfactory arrangements.

Conducting interests were as usual at the root of the problem. Minnet had asked the underwriting members to waive their legal rights, and assign them to another company in which Minnet has an interest. This has raised the suspicion among some underwriting members that Minnet is acting in the better interests of its shareholders rather than of the underwriting members.

Lloyd's should now insist that Minnet should offer, that the affairs of the underwriting members affected by the problem are managed by an independent agency company, with an outside chairman, and a boardroom and shareholding structure controlled by outsiders. The Howden affair offers a precedent.

Underwriters should not accept this offer unless forced to do so by Lloyd's solvency requirements. Minnet, meanwhile, should think of an alternative to its present unsatisfactory arrangements.

Hill Samuel International Currency Fund Limited advertisement, including logo, company details, and financial information.